

Implementation Statement (“IS”)

University of Oxford Staff Pension Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the IS is for us, the Trustee of the Scheme, to explain what we have done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship priorities.

A few managers, as outlined later in the report, did not provide any requested engagement information, or the information provided was limited and often not in line with the best practice Investment Consultants Sustainability Working Group (“ICSWG”) industry standard engagement reporting guide.

We will engage with these managers, as set out in our engagement action plan, to encourage them to provide detailed and meaningful disclosures about their engagement activities, and learn how they consider financially material Environmental, Social and Governance (“ESG”) factors into their stewardship policies.

Changes to the SIP during the year

The DB Section SIP was revised in July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Inclusion of wording regarding the use of Liability Driven Investment (“LDI”)
- Further detail in the ‘Division of responsibilities’ section

The SIP for the DB Section can be found here:

<https://finance.admin.ox.ac.uk/sitefiles/osps-db-sip-july-2024.pdf>

The SIP for the Investment Builder Section was reviewed and updated with effect from 1 October 2024. The changes made included updates to the Trustee’s decision-making structure for the Investment Builder Section, and confirmation of the Trustee’s policy on investing in illiquid assets through the default arrangement.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies taken from the SIP are presented in quotation marks. Note, the policies listed are not exhaustive; please refer to the full SIP.

Defined Benefit (“DB”)

Strategy

Investment objectives

“The Scheme’s assets are invested in such a way that sufficient money is available to meet the liability to provide benefits to the members of the Scheme as they fall due.”

Allocation of assets

“Asset allocation is considered regularly by the Trustee and reviewed in detail in conjunction with (or following) each actuarial valuation.”

Strategic allocation

“Any investment undertaken will have considered:

- *Whether the asset class proposed is appropriate given market expectations for that asset class;*
- *Whether the investment manager has the skill and ability to run a mandate which is expected to achieve the return targets;*
- *Whether the specific asset class and manager are appropriate for the overall risk, return and diversification of the total portfolio.”*

The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate. As part of meeting the Scheme’s investment objectives, the Trustee monitored the funding level on a quarterly basis. This allowed the Trustee to consider the funding level progression within the context of the long-term funding target.

The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as they see fit to ensure it remains well diversified and on track to meet the Scheme’s objective. This includes ensuring the Scheme has the *“necessary liquidity to pay benefits as they become due”*. The Trustees reviewed the long-term liquidity of the portfolio in detail in December 2024, and will continue doing so on an annual basis. Short-term scheme cashflows are also monitored on a quarterly basis.

The FIC also met with and reviewed the Scheme’s Global Equity manager in detail over the year, especially with regards to the fund’s relative performance.

In light of improvements to the Scheme’s funding level since the 31 March 2022 Actuarial Valuation, decisions were made to de-risk the portfolio to protect the Scheme’s strong funding position. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP. Implementation to align to the new strategy took place over the year.

The Trustees continue to explore the long-term plan for the Scheme.

Risks

The SIP outlines risks which have the potential to cause deterioration in the Scheme’s funding level. The Trustee reports on several of the risks associated with the Scheme’s investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with both the DB and Additional Voluntary Contributions (“AVCs”) portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

The Trustee decreased the growth portfolio allocation in favour of the matching portfolio to reduce the risk caused by interest and inflation rate fluctuations during the Scheme year, to protect the favourable funding position. As part of the investment strategy review, the investment adviser proposed modelled portfolios, each with a reduction of allocation to growth assets in favour of matching assets to reduce the overall risk (expressed as a Value at Risk measure) whilst maintaining a prudent return. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP.

To better protect the portfolio against interest rate and inflation fluctuations, the Trustee implemented a LDI strategy for the matching portfolio in February 2024. Over the year, the interest rate and inflation hedging was increased to a high level, funded from growth sales and with the temporary use of leverage. The LDI portfolio was de-levered in November 2024.

Implementation

Choosing investments

“The Funding and Investment Committee considered the suitability of a range of asset classes, the need for diversification, the risk and rewards of different asset allocations, and the sponsoring employers’ views (including the strength of the sponsoring employers’ covenant).”

No new investments were made during the year.

The underlying LDI funds were switched from the pooled leveraged gilt funds to the pooled unleveraged gilt funds in November 2024.

General

Direct investments

“Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate.”

The Trustee’s Defined Contribution Committee formally reviewed the DC arrangements at the committee meeting on 13 March 2024. This review included an in-depth presentation from Legal & General regarding the investment strategy applied to its target date funds, both historically and for planned future developments.

The arrangements with asset managers

“The Trustee regularly monitors the Scheme’s investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee’s policies.”

The Trustee received quarterly Funding and Investment reports from their investment adviser outlining the valuation of all investments held, monitoring the performance of these investments, and recording any material transactions undertaken during the quarter. Investment returns are compared with appropriate performance targets to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. Within this report also, the Trustee received an overview of each "buy" rated manager produced by Aon's manager research team giving a quarterly update on the rating of the manager. This includes an ESG rating for equity and fixed income managers where available.

The Trustee received an annual implementation statement reporting on the monitoring and engagement activities carried out by its investment managers.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme’s asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee’s policies.”

The Funding and Investment Committee (“FIC”) reviewed the Trustee’s Responsible Investment (“RI”) and ESG Policy at the December 2024 meeting. The FIC agreed that the note accurately stated the Trustee’s key

objectives in respect of RI and ESG matters, which it considers to be stewardship priorities. These are outlined in more detail within the 'Environmental, social and governance considerations' section of this report.

The policy was shared with the Scheme's asset managers and the FIC went through a detailed exercise at the December 2024 meeting to assess the managers' alignment with the policy.

"Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies."

No new investment manager was appointed over the year.

The Trustee's engage with the Scheme's investment manager on RI topics and is supported in this activity by their investment adviser.

Environmental, social and governance considerations

"In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."

Since 1 October 2022, the Trustee has been required to produce and publish an annual report in line with the recommendations of the Taskforce on Climate Related Financial Disclosures ("TCFD"). Over the reporting period, the Trustee has carried out several activities, with the support of Aon, to formally align with the recommendations of the TCFD and fully understand the potential impact that climate-related risks and opportunities could have on the DB and DC Sections of the Scheme. These activities supplement the wider ESG-related monitoring exercises already carried out by the Trustee. This includes:

- An overview of the Scheme's governance structure, to ensure that it is still able to make informed decisions on climate-related financial risks and opportunities;
- A review on all of its appointed investment managers on how they view their exposures to climate-related risks and opportunities, both at an individual fund level and a firm level. The Trustee and its advisers then assessed these responses to identify key areas of investment risk for the Scheme and implications for the Scheme's investment strategy. This was then compared to last year's reporting period to identify any improvements or declines in managers' exposure to physical and transition risks;
- A review of the quantitative climate change scenario analysis on the DB Section, and a qualitative climate change scenario analysis on the DC Section of the Scheme, that was completed as at June 2021 to understand the potential impact of climate change on each section over the next 30 years. The Trustee is comfortable that the analysis remains appropriate for this year's reporting, and will undertake new analysis in the upcoming reporting year, in line with statutory guidance and allowing for the significant strategy changes that have taken place;
- Following the activities outlined within the Climate Risk Management Framework that integrates climate-related risks into the Trustee's various documents and processes. This enables the Trustee to identify, assess and monitor climate-related risks and opportunities on a continuous basis;
- Gathering climate-related data on the Scheme's investments, to aid understanding of the Scheme's current exposure to climate-related risks. During this reporting period, the Trustee continued to gather Scope 3 emission data alongside a portfolio alignment metric (by measuring the portion of the portfolio with net zero- or Paris-aligned targets from the Scheme's underlying managers). The overall carbon data was compared to last year's reporting period, to understand whether any significant changes have occurred year-on-year; and

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- Reviewing the appropriateness of the climate-related targets set in the previous year of reporting, to support future monitoring and management of climate-related risks.
 - Climate-related risks and TCFD reporting have been discussed at all FIC meetings over the year to 31 March 2025, and the FIC has kept the Trustee Board apprised of any material climate-related developments through regular updates, as and when required. The Trustee published its first TCFD report in October 2022 and carries out this exercise on an annual basis, in line with the regulatory requirements.

Shortly after the end of the reporting year, in April 2025, the FIC received training by the Trustee's investment consultant, on the use of carbon credits. The training session provided an introduction to carbon credits, covering their practical implementation and the broader market context. This formed part of the Trustee's annual climate risk training under their risk management framework, supporting their understanding of climate-risk mitigation strategies.

The Trustee has agreed an RI and ESG Policy for the Scheme, which sets out the Trustee's approach on these matters. The Policy sets out requirements for the asset managers, such as how they are expected to take into account various long-term ESG issues, disclosures of how ESG factors are considered, voting policies and how they give effect to their ESG policies. This is due to be reviewed in Q3 2025.

Whilst the Trustee's SIP does not explicitly cover stewardship priorities, the Trustee has considered the 'Key objectives' set out in its RI and ESG Policy to be stewardship priorities for the purposes of its IS.

The stewardship priorities of the Trustee are voting and engagement opportunities that align with the following key objectives:

- UK government legislation and regulations (for example, on modern slavery, environmental quality, climate change and other relevant issues);
- UK government commitment to international conventions and treaties (for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues);
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues); and
- Direct and indirect investment in companies and related financial instruments that violate international norms and/or UK moral principles (for example, human trafficking, indenture, and exploitation and other similar issues).

The Trustee has aligned its voting examples with these priorities wherever this was possible based on the significant votes provided to the Trustee by its investment managers.

Cost and transparency

"The Trustee intends to collect annual cost transparency reports covering all of its investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class."

"The Trustee assesses the performance of its investment managers quarterly and the remuneration of its investment managers at least annually."

"The Trustee monitors portfolio turnover..."

The Trustee received and reviewed the cost transparency report provided by ClearGlass. ClearGlass collects costs (including portfolio turnover costs) incurred by the Scheme from the Scheme's investment managers in line with the CTI template for each asset class. The Trustee received quarterly Funding and Investment reports from the investment adviser which details the performance of its investment managers. The detailed investment

manager fee information i.e. Total Expense Ratios (“TERs”) is also covered in the report and reviewed by the Trustee on a quarterly basis.

The Trustee raises areas for concern as discussion points at meetings with its investment adviser where relevant.

Review of SIP

“This SIP will be reviewed typically annually or immediately following a change of investment policy.”

An investment strategy review was undertaken during the Scheme year. The SIP was updated to reflect the agreed strategy.

Policy on rights attaching to investments

“The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.”

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy.”

The Trustee receives an annual Implementation Statement showing the levels of voting activity and engagement from the asset managers. To aid in its continuing understanding and awareness of the ESG risks and opportunities to which the Scheme is exposed, the Trustee is provided with guidance from its adviser in the form an ESG dashboard (named ‘RI-360i’) on an annual basis. The FIC reviewed an updated version of this dashboard in August 2024.

The Trustee uses RI-360i to analyse the underlying portfolio and establish what is owned by the Scheme. The online tool also informs the Trustee about who is making decisions on what is owned, by analysing the Scheme’s asset managers, their capabilities and their culture. These insights then steer the Trustee’s engagements with its asset managers, so they know - and are doing - what is expected of them by the Trustee.

Defined Contribution (“DC”)

Strategy

Investment objectives

“The Trustee is responsible for investing DC assets in line with members’ preferences. Its key aim is to provide a range of investments that are suitable for meeting members’ long and short-term investment objectives. The Trustee has taken into account members’ circumstances; in particular the possible range of members’ attitudes to risk and term to retirement.”

Allocation of assets

“In order to meet the Scheme’s Investment Objective, the Trustee provides members access to a number of individual funds via the provider’s platform. For the default investment strategy, the key aims are to support DC members in building their real retirement income while managing possible downside risks; and to hold investments at retirement that do not target a particular benefit but are diversified across primarily ‘lower risk’ asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to ‘higher’ risk assets such as equities, property and alternatives.”

The Trustee undertakes a formal review of the Investment Builder Section’s investment strategy at least every 3 years. The most recent investment strategy review was completed on 13 March 2025. The review considered whether the default investment strategy remained appropriate for the majority of members and whether the range of self-select funds offered was capable of meeting the needs of members who do not wish to invest in the default investment strategy.

The review took account of the membership profile of the Section. This information was used to model the retirement outcomes for a number of representative members. The modelling compared the current default arrangement with a newly launched alternative strategy from L&G (the Lifetime Advantage Funds) and a bespoke lifestyle strategy. In isolation, the modelling suggested that adopting the new Lifetime Advantage Funds had the potential to out-perform the current strategy, however these funds are new to the market and are therefore untested as yet. The review therefore concluded that the existing default arrangement remained the most appropriate strategy at the current time, but that the Lifetime Advantage Funds would be considered further at the next strategy review, due to take place in 2027, by which time they will have a longer track record.

The review also concluded that the self-select fund range remained was capable of meeting the needs of members who do not wish to invest in the default investment strategy, therefore no changes were made to the range of funds made available to members. The Trustee’s Defined Contribution Committee reviews the performance of the default investment strategy against the benchmark(s) set by Legal & General on a quarterly basis. During this reporting period, the performance of the default investment strategy and the self select funds was considered at meetings on 25 June 2024, 5 September 2024, 12 December 2024 and 13 March 2025. These performance reviews concluded that the default investment strategy was performing broadly as expected and remains consistent with the aims and objectives set out in the SIP.

Risks

As stated above, the Trustee reports on several of the risks associated with the Scheme’s investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. The risks associated with the Investment Builder Section of the Scheme i.e. the risk of not meeting members’ expectations and of the default investment strategy not being suitable for members, are also considered as part of the investment strategy reviews carried out every three years (which consider the DC Section membership profile, and how members are expected to access these funds) and the frequent monitoring of investment and administration performance, including any member complaints or feedback reported by Legal & General.

Implementation

Choosing investments

“In choosing the Investment Builder Section's investment options, it is the Trustee's policy to consider (i) a full range of asset classes. (ii) the suitability of the possible styles of investment management and extent of manager diversification. (iii) the suitability of each asset class for a DC Scheme. (iv) the need for appropriate diversification of asset classes (v) the current and expected future membership of the Investment Builder Section of the Scheme and (vi) the fund charges, in order to assess value for money”

Features (i) to (v) were considered as part of the most recent investment strategy review completed on 13 March 2025. The fund charges and value for money are assessed annually through the Trustee's formal value for members assessment carried out to support the Chair's Statement. The value for members assessment for the period ending 31 March 2024 was considered by the Defined Contribution Committee on 5 September 2024.

General

The arrangements with asset managers

“The Trustee regularly monitors the Investment Builder Section's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies.”

The Trustee receives quarterly monitoring reports from Legal & General which include the valuation of all investments held, the performance of these investments, and membership changes during the quarter. Investment returns are compared to the performance comparators set by Legal & General.

The annual implementation statement that the Trustee receives reports on the monitoring and engagement activities carried out by its investment managers, including the Investment Builder Section funds.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.”

The Trustee shared its ESG policy with Legal & General on 25 January 2023. Legal & General included details of its approach to ESG as part of its presentation to the Defined Contribution Committee on 13 March 2024. The Trustee were satisfied the manager was aligned with the Scheme's ESG policy.

Environmental, social and governance considerations

“In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- *The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.”*

Please refer to commentary in the DB Section of this statement, which applies equally to the Investment Builder Section.

Cost and transparency

“The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair's Statement each year.”

During this reporting period, the Trustee collated the costs and charges borne by members (including implicit transaction costs) for the 12-month period ending 31 March 2024 as part of the value for members assessment and the work to write the Chair's Statement.

Review of SIP

"The SIP will be reviewed typically annually or immediately following a change of investment policy."

The SIP for the Investment Builder Section was reviewed and updated with effect from 1 October 2024. The changes made included updates to the Trustee's decision-making structure for the Section, and confirmation of the Trustee's policy on investing in illiquid assets through the default arrangement.

Policy on rights attaching to investments

"The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility."

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested its Investment Managers to comply with these principles."

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy."

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. For the illiquid investments held by the Scheme: all of the Scheme's managers were able to provide case studies demonstrating strong engagement practices. However, the engagement data provided was limited in some areas, we will therefore continue to engage with our managers to encourage and monitor progress on better tracking and reporting of the engagements undertaken.
2. Generation did provide fund and firm level engagement data but noted that their engagement reporting is not consistent with the ICSWG engagement reporting guide. Additionally, the manager did not provide significant voting examples in line with the PLSA voting reporting template so the voting examples lacked sufficient details. We will meet with the manager to better understand its engagement and voting practices and discuss the areas which are behind those of its peers.
3. We will invite investment managers to our meeting on an ad hoc basis to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
4. We will undertake regular, detailed ESG monitoring of our managers.
5. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.
6. We will undertake training related to Responsible Investment topics.

Our Engagements Over the Year

Ares

Following our engagement with Ares on its responsible investment policies, it confirmed it had expanded its ESG program by enhancing its data program, scaling climate change initiatives, engaging with portfolio companies, and participating in industry activities. While Ares does not conduct climate-change scenario analysis due to limited methodologies and data, it is developing a carbon intensity framework. In addition, Ares has not set a net-zero target but focuses on real-world emissions reductions and climate risk management. The Ares Climate Transition Program empowers portfolio companies to decarbonize with tailored approaches. Ares collaborates with industry organizations such as the Partnership for Carbon Accounting Financials (PCAF), the United Nations Principles for Responsible Investment (UNPRI), and Ceres, a nonprofit focused on sustainability, to explore ways to measure and reduce emissions.

Copenhagen Infrastructure Partners (“CIP”)

We engaged with CIP to understand its progress on climate and engagement reporting. In its 2023 ESG report, CIP assessed climate risks using stress tests and scenario analysis, however, it has confirmed it does not plan to include climate-change scenario analysis in future TCFD reports. While CIP is improving ESG data collection, as evidenced in upcoming Sustainable Finance Disclosure Regulation (SFDR) Periodic reports, broader engagement tracking remains challenging. This is primarily due to CIP’s business model, which focuses on developing renewable infrastructure projects, where engagement typically involves internal interactions. Additionally, while CIP supports the goals of the Paris Agreement through investments in renewable energy, it does not have an official commitment to Paris alignment.

Insight

Insight continued its engagement with the UK government on net-zero targets, despite fewer opportunities due to a change in government. Insight plans to continue this engagement in 2025, monitoring the UK’s net-zero alignment using the Germanwatch CCPI score and Climate Action Tracker. Insight remains committed to its net-zero goals as a signatory of the Net Zero Asset Managers (NZAM) initiative, covering 100% of UK government bonds managed in the UK. While the NZAM initiative is on hold, Insight is involved in its consultation process. Engagement levels with the Labour government were lower in 2024 due to the transition, but Insight aims to increase engagement moving forward. Insight has actively engaged with the UK government on sustainability issues, including writing to the prime minister about inconsistencies in the green strategy and participating in the Institutional Investors Group on Climate Change (IIGCC) UK Policy Working Group. This group focuses on sectoral decarbonisation roadmaps and transition finance, responding to consultations on the UK Green Taxonomy and other sustainability standards.

Generation

We engaged with Generation to encourage enhancements in their engagement reporting, specifically requesting for more granular data and detailed examples. Following our discussions, we have observed improvements in the engagement data shared this year. Generation were able to provide a breakdown of the engagements by theme at a fund and firm level. We would, however, like to see this broken down further in order to determine more granular engagement themes. In addition, we will continue to engage with Generation to improve the level of detail included in their voting examples.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights held in the Defined Benefit ("DB") and Defined Contribution ("DC") mandates with voting rights for the year to 31 March 2025.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	Generation – Global Equity Fund	666	100.0%	9.0%	0.0%
	L&G PMC 2020 - 2025 Target Date Fund	105,975	99.8%	22.0%	0.8%
	L&G PMC 2025 - 2030 Target Date Fund				
	L&G PMC 2030 - 2035 Target Date Fund				
DC	L&G PMC 2035 - 2040 Target Date Fund	97,065	99.8%	22.4%	0.8%
	L&G PMC 2040 - 2045 Target Date Fund				
	L&G PMC 2045 - 2050 Target Date Fund				
	L&G PMC 2050 - 2055 Target Date Fund				
	L&G PMC 2055 - 2060 Target Date Fund				
	L&G PMC 2060 - 2065 Target Date Fund				
	L&G PMC 2065 - 2070 Target Date Fund				
	L&G PMC 2070 - 2075 Target Date Fund				
	L&G PMC All World Equity Index Fund	63,689	99.8%	19.0%	1.5%
	L&G PMC Ethical Global Equity Index Fund	16,792	99.6%	17.5%	0.3%
	Prudential – With Profits Investment Account ¹	59,435	98.9%	7.0%	0.9%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

¹Prudential Fund Management has been delegated to a number of fund managers (10+), including M&G Investment Management. The voting is carried out by the underlying fund managers.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Managers	Description of use of proxy voting advisers (in the managers' own words)
Generation Investment Management ("Generation")	Generation has appointed Institutional Shareholder Services ('ISS') as its proxy voting agent to provide notice of all company meetings and to ensure Generation's voting instructions are effectively carried out. We also have access to their research and voting recommendations. However, we do not follow any third-party advice as a default. This is because we believe each analyst should review the relevant issues on a case-by-case basis and exercise their best judgement on how to vote, given their deep knowledge of the company. We also have developed our own internal voting policy which serves as a guide to analysts.
Legal & General Asset Management ("L&G")	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
M&G Investments ("M&G")*	We use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity.

Source: Managers.

*Note: Prudential With Profits arrangement is a fund of funds with several underlying managers (10+). Prudential has confirmed that the most material underlying manager is M&G and so their use of proxy voting advisers is disclosed here.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Section	Funds	Number of engagements		Themes engaged on at a fund level
		Fund level	Firm level	
DB	Ares Capital – Europe Fund V	Not provided		Others - Diversity targets; Cybersecurity improvements; Diversity and carbon emission reduction targets; CO2 emission reductions; equality of opportunity and governance scores
	Copenhagen – Infrastructure IV*	Not provided		Others - Engaging local communities; Governmental engagement; Suppliers engagement
	DIF – Infrastructure V*	Not provided		Environmental stewardship and climate resilience
	Generation – Global Equity Fund ¹	85	165 ³	Environment - Climate Change; pollution/waste, biodiversity Social - Human Capital Management, Equity, diversity and inclusion Governance - Board composition, capital allocation
	M&G – Illiquid Credit Opportunities Fund VII	3	406	Environment - Climate Change Social - Human Capital Management Governance - Business Oversight/Risk Management
	M&G – Inflation Opportunities Fund V*	0	406	Environment - Climate Change; Natural resource use/impact Social - Human Capital Management; Human and Labour Rights Governance - Board Effectiveness – Diversity; Remuneration Other - Animal Welfare
DC	Robeco – Global Sustainable Development Goals (SDG) Credit Income Fund	22	324	Environment - Climate Change Social - Human and Labour Rights; Conduct, Culture and Ethics Governance - Shareholder Rights Other - Global Controversy Engagement
	L&G PMC 2020 - 2025 Target Date Fund	3,562	4,399	Environment - Climate Change, Natural resource use/impact
	L&G PMC 2025 - 2030 Target Date Fund			Social - Human and labour rights; Human capital management
	L&G PMC 2030 - 2035 Target Date Fund			Governance - Board effectiveness – Diversity; Remuneration
	L&G PMC 2035 - 2040 Target Date Fund	3,389		Strategy, Financial and Reporting - Capital allocation; Financial performance Other - Activism
	L&G PMC 2040 - 2045 Target Date Fund			Environment - Climate Change, Natural resource use/impact Social - Human and labour rights; Human capital management

L&G PMC 2045 - 2050 Target Date Fund		Governance - Board effectiveness – Diversity; Remuneration	
L&G PMC 2050 - 2055 Target Date Fund		Strategy, Financial and Reporting - Financial performance; Strategy/purpose	
L&G PMC 2055 - 2060 Target Date Fund		Other - Lobbying and Political Donations	
L&G PMC 2060 - 2065 Target Date Fund			
L&G PMC 2065 - 2070 Target Date Fund			
L&G PMC 2070 - 2075 Target Date Fund			
		Environment - Climate Change, Natural resource use/impact	
		Social - Human and labour rights; Human capital management	
L&G PMC All World Equity Index Fund	2,256	Governance - Board effectiveness – Diversity; Remuneration	
		Strategy, Financial and Reporting - Financial performance; Strategy/purpose	
		Other – Green Bonds	
		Environment - Climate Change; Pollution, Waste	
		Social - Human and labour rights; Human capital management	
L&G PMC Ethical Global Equity Index Fund	1,031	Governance - Board effectiveness - Independence or Oversight; Remuneration	
		Strategy, Financial and Reporting - Financial performance; Strategy/purpose	
		Other - Methane Measurement	
		Environment - Climate Change; Net Zero/Decarbonisation	
		Social - Diversity & Inclusion; Human Rights	
Prudential – With Profits Investment Account ²	226	406	Governance - Board Composition & Effectiveness; Executive Remuneration
		Strategy, Financial and Reporting - Capital allocation	

Source: Managers.

*The following managers did not provide fund level themes; themes provided are at a firm-level: Copenhagen; DIF and M&G (for the Inflation Opportunities fund). Copenhagen themes are taken from firm level case studies provided, while DIF case studies are sourced from the Sustainability report provided by the manager.

¹Number of meetings (both monitoring and engagement) attended, may include multiple engagements. Themes are taken from the Stewardship report.

²Prudential With Profits arrangement is a fund of funds with several underlying managers (10+). Prudential has confirmed that the most material underlying manager is M&G and so their engagement data is disclosed here.

²The firm level engagement information provided by Generation is in respect of the Global Equity Fund, and Asia Equity Fund only and does not explicitly cover all of the manager's engagement activity. The Scheme fully disinvested out of the Generation Asia Equity Fund in Q4 2023.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Ares and Copenhagen did not provide any substantial engagement information that could be added in the statement.
 - Ares regularly meets with portfolio company management teams and monitors ESG developments. In particular, when Ares acts as the lead or sole lender, which allows for direct discussion of ESG-related initiatives. However, Ares does not currently track engagements at the strategy or firm level. The manager is working on developing a comprehensive firmwide engagement strategy that will include tracking and prioritising themes.
 - Similarly, Copenhagen actively engages with every investment on an ongoing, often daily basis, however it finds it difficult to provide a split as engagement levels vary widely based on the status of the investment (i.e., construction vs. operations) and any financing processes.
- DIF provided limited engagement information through its Sustainability report but the manager was unable to provide specific engagement statistics at either the firm or fund level. DIF does not formally track the number of engagements and currently does not have plans to do so.
- Generation noted that their engagement reporting is not consistent with the ICSWG engagement template. Additionally, the manager did not provide significant voting examples in the PLSA voting reporting template and lacked sufficient details in the voting examples.
- For the L&G funds, we note that the total number of engagements disclosed by the manager refers to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may therefore cover multiple themes.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Example (DB Section)

In the table below is a significant vote example provided by the Scheme's equity holding DB manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, an example of which is outlined in the example below, in the managers' own words:

Generation – Global Equity Fund	Company name	Amazon.com, Inc.
	Date of vote	22 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Disclose All Material Scope 3 GHG Emissions
	How you voted?	Vote supporting resolution (against management)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	We strongly agree that Amazon must disclose all material Scope 3 emissions.
	Outcome of the vote	
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be most significant?	

Source: Manager.

Voting example is taken from the Stewardship report provide by the manager.

Appendix – Significant Voting Examples (Investment Builder Section, Bonuns account & AVCs)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

L&G PMC 2020 - 2025 Target Date Fund; L&G PMC 2025 - 2030 Target Date Fund; L&G PMC 2030 - 2035 Target Date Fund	Company name	Shell Plc
	Date of vote	21 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1 – 0.4%
	Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and Liquefied natural gas ('LNG') business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

	outcome?	
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan..
L&G PMC 2035 - 2040 Target Date Fund; L&G PMC 2040 - 2045 Target Date Fund; L&G PMC 2045 - 2050 Target Date Fund; L&G PMC 2050 - 2055 Target Date Fund; L&G PMC 2055 - 2060 Target Date Fund; L&G PMC 2060 - 2065 Target Date Fund; L&G PMC 2065 - 2070 Target Date Fund; L&G PMC 2070 - 2075 Target Date Fund	Company name	Microsoft Corporation
	Date of vote	10 December 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.6% – 3.5%
	Summary of the resolution	Resolution 9 - Report on AI Data Sourcing Accountability
	How you voted?	Vote supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
	Outcome of the vote	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?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
L&G PMC All World Equity Index Fund	Company name	Tesla, Inc.
	Date of vote	13 June 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7%
	Summary of the resolution	Resolution 2: Advisory Vote to Ratify Named Executive Officers' Compensation
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Remuneration - Quantum - One-off Awards: A vote against is applied as L&G believes that

		the approved remuneration policy should be sufficient to retain and motivate executives. A vote AGAINST this proposal is warranted. While most NEOs received modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay.
L&G PMC Ethical Global Equity Index Fund	Company name	ConocoPhillips
	Date of vote	14 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote against is applied as L&G expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	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?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are actually designed to promote anti-climate change views.
Prudential - With Profits Investment Account¹	Company name	TotalEnergies SE
	Date of vote	24 May 2024
	Approximate size of fund's/mandate's holding as at	0.1%

the date of the vote (as % of portfolio)	
Summary of the resolution	Approve Report on Progress of Company's Sustainability and Climate Transition Plan (Advisory)
How you voted?	Votes against resolution
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	Concern that long-term carbon reduction targets are not sufficiently ambitious
Outcome of the vote	Pass
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
On which criteria have you assessed this vote to be most significant?	Environmental and social

Source: Managers.

¹Prudential Fund Management has been delegated to a number of fund managers (10+), including M&G Investment Management. The voting is carried out by the underlying fund managers.