

Beatson Clark Pension Scheme (the “Scheme”)

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Beatson Clark Pension Scheme (“the Scheme”)** to set out the following information over the year to **30 June 2023**:

- How the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at the review date describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in 2020 and has been made available online here:

<https://www.beatsonclark.co.uk/media/files/Statement-of-Investment-Principles.pdf>

There were no changes to the Trustees’ stewardship policy over the year to 30 June 2023.

The Trustees decided not to set stewardship priorities for the Scheme for the time being because the Scheme solely invests through pooled investment vehicles where the Scheme’s asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. However, the Trustees takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually through their Implementation Statement.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such the Trustees delegate responsibility for carrying out voting and engagement activities to the Scheme’s investment managers. The Trustees’ expectation is that the investment managers will utilise voting rights and engage with underlying companies so as to promote good corporate governance, accountability and to better understand how those companies incorporate Environmental, Social and Governance (“ESG”) factors into their business.
- The Trustees have an expectation that the investment managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme’s underlying holdings on such matters; viewing ESG factors as financially material. The Trustees do not currently impose any specific

restrictions on the investment managers with regard to ESG issues but will review this position from time to time.

- At the Scheme's year-end, the Scheme's investment managers with material asset holdings were Legal & General Investment Management ("LGIM") and M&G Investments ("M&G"). The Trustees meet as necessary to discuss performance of the funds and update on important issues.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which are reviewed to ensure alignment with their policies. This exercise was undertaken following the accounting year-end on 30 June 2023 and the results of this exercise are set out in detail below. Specifically, the Trustees reviewed the voting activity of those funds where there is believed to be an increased ability to influence positive practises (namely those that invest in equities).
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment adviser, to assess how the Scheme's investment managers take account of ESG issues. This information is provided through both quarterly investment monitoring reports and an annual ESG monitoring report.

Having reviewed the above in accordance with its policies, the Trustees are comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Beatson Clark Pension Scheme
October 2023**

Voting Data

Voting only applies to equities held in the Scheme's investment portfolio, as detailed above. The Scheme has material equity holdings through its investments in the following funds:

- LGIM World (ex UK) Equity Index Fund
- LGIM World (ex UK) Equity Index GBP Hedged Fund

The Scheme's investment manager for the equity portfolio, LGIM, vote on behalf of the Scheme's holdings in pooled funds.

The voting data over the year to 30 June 2023 at a manager level is shown below. LGIM have taken the opportunity to use their vote in many cases and have shown their willingness to vote contrary to the proxy advisors.

This section provides a summary of the voting activity undertaken by LGIM on behalf of the Trustees over the year to **30 June 2023**. The cash, property and credit funds held with M&G Investments has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM
Fund name	World (ex UK) Equity Index World (ex UK) Equity Index GBP Hedged
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	2,839
No. of eligible votes	34,039
% of resolutions voted	99.9
% of resolutions abstained *	0.2
% of resolutions voted with management*	77.9
% of resolutions voted against management*	21.9
Proxy voting advisor employed**	LGIM use Institutional Shareholder Services ("ISS") as their proxy voting adviser. ¹
% of resolutions voted against proxy voter recommendation	16.2

Source: LGIM.

*As a percentage of the total number of resolutions voted on.

**LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM have put in place a custom voting policy with specific voting instructions concerning ESG related matters.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have decided not to set stewardship priorities / themes for the Scheme. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy.

LGIM have provided a selection of 573 votes which they believe to be significant. The Trustees selected 3 the most significant votes for each fund which relate to a range of themes.

A summary of the significant votes provided is set out below, but further information on other significant votes is available upon request.

LGIM Equity Funds

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	Berkshire Hathaway Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7	1.3	0.8
Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps	Approve Recapitalization Plan for all Stock to Have One-vote per Share	Require Independent Board Chair
How the manager voted	For (Against Management Recommendation)	For (against management recommendation)	For (against management recommendation)
Rationale for the voting decision	<p>A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>	<p>A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.</p>	<p>A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.</p>
Outcome of the vote	29% (Fail)	30.7% (Fail)	10.9% (Fail)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	This shareholder resolution is considered significant due to the relatively high level of support received.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Source: LGIM.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	M&G	M&G	M&G
Fund names	World (ex UK) Equity Index, World (ex UK) Equity Index GBP Hedged	PP All Stocks Corporate Bond Fund	PP Total Return Credit Investment Fund	PP UK Property Fund
Number of entities engaged on behalf of the holdings in this fund in the year	506	10	17	Data not provided
Number of engagements undertaken at a firm level in the year	1,133	218	218	218

Source: LGIM and M&G Investments.

Taking the voting action above into account, the Trustees believe that the Managers have acted in accordance with the Scheme's stewardship policies.

Examples of engagement activity undertaken over the year to 30 June 2023

LGIM

McDonald's Corp

For the last two years LGIM supported AMR shareholder proposals filed at McDonald's, pre-declared their votes in relation to these resolutions, and engaged with the company. LGIM also signed a collaborative investor letter under the leadership of ICCR asking the company to publish targets related to the reduction of medically important antibiotics for the routine prevention of disease in its global beef supplies, which in 2018 McDonald's Corp had announced that they would do by end of 2020. Given insufficient progress on these issues, LGIM decided it was time to further escalate the concerns they held.

Additionally, during the autumn of 2022, LGIM were approached by The Shareholder Commons to co-file a shareholder proposal asking McDonald's to apply the World Health Organization Guidelines on Use of Medically Important Antimicrobials in Food-Producing Animals throughout its supply chains. LGIM co-filed the shareholder proposal on 1 December 2022. McDonald's Corp has since released its antibiotics reduction targets, two years after the initial deadline. However, LGIM do not deem that to be sufficient progress within the company's AMR activities.

M&G - PP All Stocks Corporate Bond Fund

Gatwick Funding LTD

M&G's objective was to get Gatwick Airport to measure and report their Scope 3 emissions related to "Cruise emissions" i.e. emissions from planes when flying, that have departed Gatwick Airport.

M&G then had a teams call with Gatwick Airport asking them to measure and report their Scope 3 "Cruise emissions", whilst being wary that the figure would likely make up around 99% of their carbon footprint.

In August 2023, Gatwick Airport reported Cruise emissions for the first time in their "Decade of Change Report", off the back of their agreement with M&G.

M&G - PP Total Return Credit Investment Fund

Total Energies SE

As part of the ongoing Climate Action 100+ collaborative engagement, M&G aimed to encourage Total Energies SE to take the necessary steps to put them at the top of the CA100+ Net Zero company benchmark.

The CEO/Chairman of Total Energies SE explained that he finds the CA100+ engagement beneficial but further explained that Total Energies SE asks that both M&G and Total Energies SE work together collaboratively to make this a reality rather than an activist approach.

M&G then met with the joint CEO/Chairman to further discuss this.