

# the people's pension

Implementation Statement

The People's Pension Scheme  
for the year ended 31 March 2023





- This Implementation Statement has been produced by the Trustee of The People's Pension ("the Scheme") to set out the following information over the year to 31 March 2023:**
- How the Trustee's 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 Trustee over the year, including information regarding the most significant votes and the use of any proxy voting services.**
- A summary of any review of and any changes to the Statement of Investment Principles (SIP) over the period; and,**
- A description of how the Trustee's policies, included in their SIP, have been followed over the year.**

**Governance**

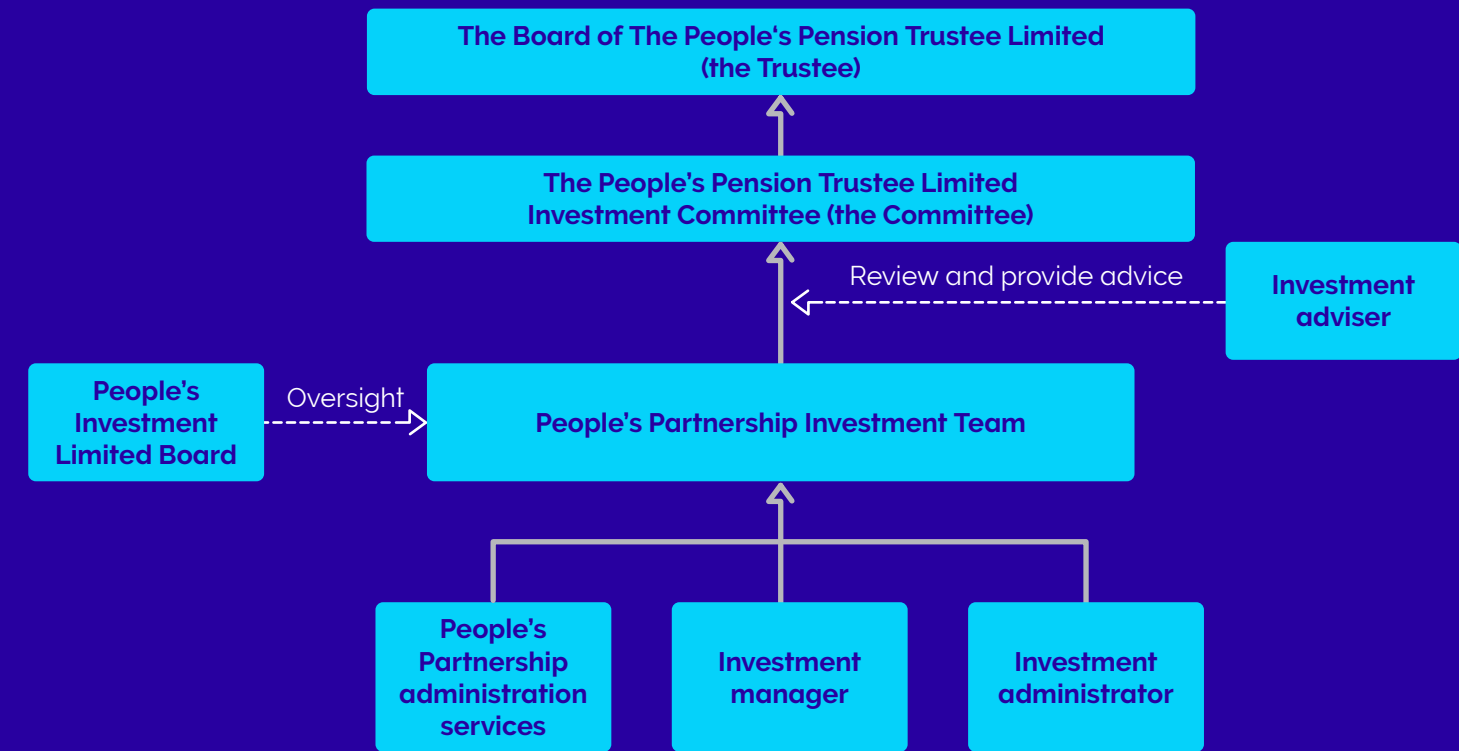
The overall governance of the pension scheme is outlined in the Scheme's SIP. The fiduciary responsibility sits with the Trustee. The Trustee has an Investment Committee ("the Committee") to govern the investments of the Scheme. The Committee is made up of 3 members of the Trustee Board.

Appointed by the Trustee are investment service providers who provide advice, recommendations, training, implementation, and administration services to the Scheme. This includes People's Partnership Holdings Limited ("People's Partnership"), whose internal investment function provides services to The People's Pension and other schemes that People's Partnership oversees, and the Trustee's independent investment advisor, Barnett Waddingham.

The Board of People's Investment Limited is responsible for overseeing People's Partnership internal investment function. The members of the Board have decades of industry experience and provide key insight to assist with the Trustee in making investment decisions.

In practice, People's Partnership work alongside the other investment service providers (refer to Figure 1) to make recommendations relating to the investment portfolio (whether this is at a policy or strategy level). This work is reviewed by the Board of People's Investment Limited. Barnett Waddingham will also review proposals and provide independent advice on their suitability to the Trustee, whether that be the full Trustee Board or the Investment Committee. A decision is then made by the Trustee or Committee on how to proceed.

**Figure 1 – Decision making structure**



### Trustee's responsibilities in respect of scheme investments/implementation of SIP policies

In the Trustee's opinion, the Statement of Investment Principles has been met over the year in the following ways:

- The Scheme offers a suitable default strategy for members. This was reviewed in November 2022 and deemed appropriate by the Scheme's Investment Consultant, based on the membership profile and Trustee objectives.
- The Scheme offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The self-select fund range was reviewed as part of the wider investment strategy review described above, which was carried out in November 2022. As part of this review, the Scheme's Investment Consultant concluded that the fund choices currently offered to members remain reasonable.
- The Trustee monitors the performance of the managers and funds quarterly relative to their stated objectives. In addition to this, consideration is given to the qualitative views held by People's Partnership the Trustee's Investment Consultant with respect to the investment managers. These qualitative views are based upon research into the managers' investment operations including an analysis of the firm's business environment, the investment team involved, and the investment processes employed. People's Partnership, the Trustee's Investment Consultant and managers provide quarterly reports for review.

- The Scheme's SIP is reviewed as part of any changes to underlying funds or strategy, as well as changes to the Trustee's investment policies. The SIP in force during the period was approved in September 2020. Along with the Trustee's policy on Climate Change, the SIP was updated post year-end in April 2023 following the investment review in 2022 and the Trustee's decision to conduct a deep dive on its approach to Climate Change, working in collaboration with People's Partnership, as well as its Investment Consultant during the period.
- The Trustee made no new manager appointments over the year.
- The Trustee engages regularly with People's Partnership. There have been positive developments at People's Partnership during the period. For example, a dedicated Head of Responsible Investment was appointed. People's Partnership have also engaged with various stakeholders across the industry on the Trustee's behalf. As one example, in December 2022, State Street announced the launch of their Investor Voting Choice programme, allowing eligible investors a choice of the voting policy to be applied to their shares. People's Partnership has been working to review these policies ahead of the 2024 proxy voting season, as well as working with State Street on the further development of the programme. People's Partnership are also represented in the Principles for Responsible Investment (PRI)'s Resourcing Technical Working Group and the FCA's Vote Reporting Group, which the Trustee believes will drive positive change in the industry and provides a valuable feedback loop for the

Trustee's ongoing review of its Responsible Investment Policy and stewardship expectations for the Scheme's fund managers. In addition, People's Partnership have worked closely with State Street during the period to understand and provide feedback on State Street's stewardship approach on climate, nature and human rights.

- The Trustee also engages regularly with their independent Investment Consultant, Barnett Waddingham. During the period, the Trustee has reviewed the strategic objectives for Barnett Waddingham and has reviewed their performance against these objectives. The Trustee notes that Barnett Waddingham is a signatory of the UK Stewardship Code and has made a meaningful contribution to the Investment Consultants Sustainability Working Group ("ICSWG"). Barnett Waddingham's contribution to the ICSWG has focused on improving the efficiency and consistency of data collection from investment managers along with encouraging disclosures that are sufficiently detailed to enable asset owners to improve stewardship activities in the future. These examples illustrate Barnett Waddingham's commitment to help evolve the industry's approach to sustainable investment, including stewardship, on behalf of the Trustee and other clients.

### Stewardship policy

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers. However, the Trustee recognises the importance of engaging with its fund managers and the wider industry to ensure stewardship is carried out in line with its policies and encourage positive change in companies and across the investment industry. This is particularly important for the Scheme as one of the largest pension schemes in the UK.

The Trustee's policy on voting and engagement is set out in the Scheme's Responsible Investment ("RI") Policy, which forms part of the Statement of Investment Principles. The SIP in force during the period was approved in September 2020. The RI policy that sits alongside the SIP was last updated in April 2021. To enable the Trustee to allocate an appropriate amount of time to assess RI issues and make high quality decisions, the fact-finding and analysis is delegated to the in-house investment team of People's Partnership and the Trustee's independent investment advisers. Engaging with companies on issues believed to have a material impact (both positive and negative) on future returns is one of three key tools set out in the Trustee's RI policy. Further details on the Trustee's responsible investment practices are shown in the next section. The RI policy also sets out the Trustee's expectations for its fund managers. In particular, managers are expected to:

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

In addition, the Trustee will take into account whether their managers are signatories to the Principles for Responsible Investment (PRI) and UK Stewardship Code. All of the managers are signatories to the PRI, as well as the Scheme's investment adviser. All fund managers, as well as the Scheme's investment adviser, are signatories to the 2020 UK Stewardship Code.

In their RI policy, the Trustee has also established principles for voting and engagement activities. The principles cover areas including:

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

The Trustee has interpreted these areas as their stewardship priorities within their RI policy.

## Responsible investment

- The Trustee believes that ESG factors can affect the performance of investment portfolios and has a Responsible Investment policy in place to outline this, alongside the SIP. The process set by the Trustee for implementing this policy includes integration, exclusions and engagement.
- The Trustee considers the ESG capabilities of each of the Scheme's managers as part of their approach to responsible investing. The managers' approaches are consistent with the RI policy.
- The Trustee regularly reviews the ESG capabilities of the managers as part of the monitoring process.
- Exclusions based on controversial weapons and other severe ESG controversies have been introduced for the majority of the equity funds the Scheme invests in. The Trustee has a fiduciary duty to consider all material financial risks when making all investment decisions and makes no distinction in this between the default and self-select funds.
- The exclusions based on controversial weapons and other severe ESG controversies are designed to reduce the risk of the portfolio being exposed to reputational and ESG risks although they are not expected to have a material impact on either the risk or the return characteristics.

Integration of ESG factors into the Scheme's strategy is primarily through the use of the Multifactor ESG fund that was first added to the strategy in 2018. It reduces carbon intensity of the portfolio and increases overall ESG scores. This approach is expected to have a positive impact on the risk and return characteristics of the portfolio over time. As described in the SIP, the Trustee will integrate ESG factors into the Scheme where it can be satisfied it will positively affect return or reduce risk. The Trustee is currently reviewing how it integrates climate risk in portfolio construction, in line with the recent review of its Climate Change policy (as noted above).

### How voting and engagement/ stewardship policies have been followed

The monitoring and reporting on RI is as shown below, along with the actions taken in respect of the year under review.

1. The Trustee's investment advisers produce an annual sustainability report summarising the voting and engagement activity of the fund managers based on a review of reports and other information provided by the fund managers. This includes information on voting and engagement, together with ratings on voting and engagement in action, as well as scores provided by the PRI on different asset classes where available. This is to ensure that managers used by the Scheme continue to meet the Trustee's standards in this area. Where any material areas of disagreement are identified, these are highlighted to the Trustee.

*The Trustee undertook a review of the stewardship and engagement activities of their fund managers via receipt and review of their investment advisers' report (issued in October 2022). The contents of the report were reviewed and discussed by the Trustee in their meeting on 3 November 2022. The result of the review was that the Trustee was satisfied that the actions of their fund managers were reasonably in alignment with the Scheme's stewardship policies and no significant remedial action was required at that time. This is an annual review and the Trustee expects industry best practice to improve in the coming years (and this will be reflected in the Trustee's expectations for their fund managers). For example, the Trustees' investment advisers highlighted the level of detail in voting disclosures as an area for improvement and People's Partnership subsequently raised this with State Street on the Trustee's behalf. People's Partnership have also highlighted to State Street the importance of including engagement milestones, progress and the use of voting as an escalation strategy in their reporting.*

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

*There were no changes in fund managers the Scheme employed over the year. Managers' stewardship credentials form part of the annual sustainability review as outlined in item 1, above, and any noteworthy developments are also noted in quarterly investment monitoring reports.*

3. As the Trustee invests in funds alongside other investors, they recognise that their chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. As far as practicable, the Trustee undertakes a formal engagement process with each manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year.

*A formal meeting between the Trustee and their managers was not deemed necessary over the year under review. This reflects the reporting provided by the Trustee's investment advisers as noted in item 1, above, as well as the Trustee's decision to take formal advice from their investment advisers on the appropriateness of the Scheme's current managers, which also took place during the year under review. It also reflects the ongoing work by People's Partnership in liaising with the Scheme's managers on a range of matters, including stewardship. Examples of this work have been provided earlier in this report.*

4. The Trustee expects investment managers to be voting and engaging on behalf of the fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts.

*The Trustee reviewed the contents of this Statement prior to signing.*

Voting and engagement data is set out in the remainder of this Statement for the relevant funds/ managers.

### Prepared by the Trustee of The People's Pension

August 2023

## Voting data

The table provides a summary of the voting activity undertaken by SSGA and HSBC over the year to 31 March 2023, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

## Proxy voting

**HSBC** use the voting research and platform provider **Institutional Shareholder Services (ISS)** to assist with the global application of their own bespoke voting guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with ISS's recommendation based on HSBC's guidelines.

**State Street** use the proxy voting services of **ISS** to act as their proxy voting agent (providing vote execution and administration services), assisting in the application of voting guidelines, offering research and analysis, and providing proxy voting guidelines in limited circumstances. State Street also have access to information from Glass Lewis and IVIS to complement their in-house analysis. All final voting decisions are based on State Street's proxy voting policies and in-house operational guidelines, with any nuanced voting matters referred to and reviewed by members of State Street's stewardship team.

Manager	HSBC	SSGA										
Fund name	HSBC Islamic Global Equity Index Fund	SSGA World Adaptive Capping Equity Index Fund	SSGA ACS Multi-Factor Global ESG Equity Index Fund	SSGA UK ESG Screened Index Equity Fund	SSGA North America ESG Screened Equity Index Fund	SSGA Europe ex UK ESG Screened Equity Index Fund	SSGA Japan ESG Screened Equity Index Fund	SSGA Asia Pacific ex Japan ESG Screened Equity Index Fund	SSGA Emerging Markets ESG Screened Equity Index Fund	SSGA World ESG Screened Equity Index Fund	SSGA Global Real Estate Equity Index Fund	SSGA Multi-Asset Global Infrastructure Index Fund
	Self-select (Shariah)	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Self-select (Ethical)	Growth pool	Growth pool
Structure	Pooled											
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.											
Number of company meetings the manager was eligible to vote at over the year	95	1,545	298	678	652	500	494	463	4,010	1,490	274	693
Number of resolutions the manager was eligible to vote on over the year	1,423	21,650	4,187	10,122	8,190	8,966	6,134	3,242	34,225	21,022	2,978	7,276
Percentage of resolutions the manager voted on	97.0%	99.4%	98.9%	100%	99.4%	99.0%	100%	100%	97.1%	99.4%	98.3%	96.9%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions on the manager was eligible to vote on over the year*	0.0%	0.5%	0.3%	0.2%	0.4%	0.7%	0.0%	0.6%	2.4%	0.5%	2.4%	3.3%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on*	80.5%	90.7%	92.0%	93.2%	90.4%	89.2%	93.1%	84.4%	82.1%	90.8%	92.8%	88.6%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on*	19.8%	9.3%	8.0%	6.8%	9.6%	10.8%	6.9%	15.6%	17.9%	9.2%	7.2%	11.4%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	12.1%	8.2%	7.1%	6.3%	11.3%	6.1%	6.3%	10.9%	7.2%	8.2%	7.0%	6.1%

\*Votes of abstain can be counted both as a vote of abstain and as a vote against management in some jurisdictions. Totals may therefore add up to more than 100%. Numbers are subject to rounding.



## Significant votes

The Investment and Disclosure Regulations that came into force from October 2020 require information on significant votes carried out on behalf of the Trustee over the year to be set out in this statement. Recent guidance (from the Department for Work and Pensions (DWP) in June 2022) states that a significant vote is likely to be one that is linked to one or more of the Scheme's stewardship priorities, which are listed in the "Stewardship policy" section above.

As the Scheme invests in funds alongside other investors, the Trustee recognises that their chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. However, they look for good alignment and consider this as part of their annual review of sustainability matters.

The Trustee is comfortable that the voting undertaken on their behalf was broadly reflective of their own policies and procedures and not inconsistent with their stewardship priorities. While the Trustee did not notify their investment managers on what they consider to be the most significant votes in advance of those votes being taken, their RI policy has been re-confirmed with the investment managers as part of preparing this Statement.

In determining significant votes, the Trustee has selected three significant votes for each SSGA and HSBC fund. The significant votes are selected based on themes outlined in the Stewardship policy section above and the size of the holding within each portfolio. The outcome of the significant votes has not been included for SSGA funds as they were not provided.



## Funds

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SSGA, ACS Multi-Factor Global ESG Equity Index Fund	9
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SSGA, Europe ex UK ESG Screened Equity Index Fund	12
SSGA, Japan ESG Screened Equity Index Fund	13
SSGA, Asia Pacific ex Japan ESG Screened Equity Index Fund	14
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SSGA, Global Real Estate Equity Index Fund	17
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## Significant votes continued

### HSBC, Islamic Global Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Visa Inc.	Novo Nordisk A/S
Date of vote	10 March 2023	24 January 2023	23 March 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.4%	1.9%	11%
Summary of the resolution	Elect Director Sue Wagner	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Remuneration Report (Advisory Vote)
How the manager voted	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	HSBC communicated their thinking on the shareholder proposals ahead of the AGM.	HSBC have not in this instance, but they have communicated after the meeting.	HSBC have not in this instance, but they have communicated after the meeting.
Rationale for the voting decision	HSBC have concerns about insufficient diversity of the board.	HSBC did not support the grant of shares or options to executives within the long-term incentive plan (LTIP) that are not majority (+51%) linked to performance criteria. HSBC are also against the grant of shares or options to executives within the LTIP if the vesting period is less than 3 years.	HSBC consider the quantum of the total pay excessive. HSBC also consider the performance measurement period for the LTIP too short.
Outcome of the vote	The resolution passed	The resolution passed	The resolution passed
Implications of the outcome	HSBC will continue to engage on the issue along with other issues of concern, and will likely vote against a similar proposal should they see insufficient improvements.	HSBC will likely vote against a similar proposal should they see insufficient improvements.	HSBC will likely vote against a similar proposal should they see insufficient improvements.
Criteria on why the vote is considered "significant"	In providing the most significant votes, HSBC selected a range of issues that are representative of their voting guidelines. These votes have been chosen because the size of the holding in the company is significant, HSBC voted against the management and the votes provided reflect the Trustee's principles for voting and engagement activities.		

**Significant votes** continued**SSGA, World Adaptive Capped Equity Index Fund**

	Vote 1	Vote 2	Vote 3
Company name	Woodside Petroleum Ltd.	General Mills, Inc.	ServiceNow, Inc.
Date of vote	19 May 2023	27 September 2022	9 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.2%	0.2%	0.2%
Summary of the resolution	Shareholder proposal to report on Climate Change	Shareholder proposal in relation to Community and Environment Impact	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against the proposal (in line with management recommendation)	For the proposal (against management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This proposal merited support as the company's environmental disclosure and/or practices can be improved.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to environmental issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.



**Significant votes** continued

## SSGA, ACS Multi-Factor Global ESG Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	The Travelers Companies, Inc.	Tesla, Inc.
Date of vote	13 December 2022	25 May 2022	4 August 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.4%	1.0%	0.8%
Summary of the resolution	Shareholder proposal to report on Climate Change	Shareholder proposal to report on Climate Change	Shareholder proposal to in relation to Community and Environment Impact
How the manager voted	Against the proposal (in line with management recommendation)	Against the proposal (in line with management recommendation)	For the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This proposal merited support as the company's environmental disclosure and/or practices can be improved.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to environmental issues, which the Trustee has identified as a stewardship priority.

**Significant votes** continued**SSGA, UK ESG Screened Index Equity Fund**

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Standard Chartered Plc	Flutter Entertainment Plc
Date of vote	24 May 2022	4 May 2022	28 April 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.6%	0.7%	0.7%
Summary of the resolution	Shareholder proposal in relation to Greenhouse Gas ("GHG") Emissions	Approve Remuneration Policy	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against the proposal (in line with management recommendation)	Abstain (against management recommendation)	Against the proposal (against the management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit support as the company's disclosure and/or practices pertaining to GHG emissions are already considered reasonable.	This proposal merited qualified support as SSGA has some concerns with the remuneration structure for senior executives at the company.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to environmental issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.



## Significant votes continued

### SSGA, North America ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
Date of vote	25 May 2022	1 June 2022	25 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.8%	2.0%	11%
Summary of the resolution	Shareholder proposal in relation to Facility Safety	Shareholder proposal to establish Environmental/Social Issue Board Committee	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	For the proposal (against management recommendation)	Against the proposal (in line with management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal merited support as the company's disclosure and/or practices related to facility safety can be improved.	This item did not merit support due to concerns with the terms of the proposal.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to social issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to environmental and social issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.

**Significant votes** continued

## SSGA, Europe ex UK ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Roche Holding AG	Equinor ASA	LVMH Moet Hennessy Louis Vuitton SE
Date of vote	14 March 2023	11 May 2022	21 April 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.5%	0.5%	2.3%
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Climate Change Action	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against the proposal (against management recommendation)	Against the proposal (in line with management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.



## Significant votes continued

### SSGA, Japan ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shin-Etsu Chemical Co., Ltd.	Sumitomo Mitsui Financial Group, Inc.	Mitsubishi Corp.
Date of vote	29 June 2022	29 June 2022	24 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	1.1%	1.0%
Summary of the resolution	Elect Director	Shareholder proposal to report on Climate Change	Shareholder proposal to report on Climate Change
How the manager voted	Against the proposal (against management recommendation)	Against the proposal (in line with management recommendation)	Against the proposal (in line with management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	SSGA voted against the nominee due to the lack of gender diversity on the board and the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years.	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to director elections, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.

## Significant votes continued

### SSGA, Asia Pacific ex Japan ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Commonwealth Bank of Australia	CSL Limited	Jardine Matheson Holdings Ltd.
Date of vote	12 October 2022	12 October 2022	5 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.5%	3.6%	0.3%
Summary of the resolution	Shareholder proposal to report on Climate Change	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director
How the manager voted	Against the proposal (in line with management recommendation)	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	SSGA voted against the nominee due to the lack of gender diversity on the board.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to director elections, which the Trustee has identified as a stewardship priority.



**Significant votes** continued

## SSGA, Emerging Markets ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Meituan	Naspers Ltd.	Pinduoduo Inc.
Date of vote	18 May 2022	25 August 2022	31 July 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.8%	0.5%	0.5%
Summary of the resolution	Elect Director	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director
How the manager voted	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	SSGA voted against the nominee due to the lack of gender diversity on the board.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	SSGA voted against the nominee due to the lack of gender diversity on the board.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to director elections, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to director elections, which the Trustee has identified as a stewardship priority.

## Significant votes continued

### SSGA, World ESG Screened Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	The Home Depot, Inc.	The Coca-Cola Company	JPMorgan Chase & Co.
Date of vote	19 May 2022	26 April 2022	17 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.9%	0.8%	0.6%
Summary of the resolution	Shareholder proposal in relation to Community and Environment Impact	Shareholder proposal in relation to Product Toxicity and Safety	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	For the proposal (against management recommendation)	Against the proposal (in line with management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal merited support as the company's environmental disclosure and/or practices can be improved.	This proposal did not merit support as the company's disclosure and/or practices pertaining to the item are reasonable.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to environmental issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to environmental and social issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.

**Significant votes** continued**SSGA, Global Real Estate Equity Index Fund**

	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	Aroundtown SA	Fibra Uno Administracion SA de CV
Date of vote	4 May 2022	29 June 2022	28 April 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.2%	0.2%	0.2%
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Remuneration Policy	Elect Director
How the manager voted	Abstain (against management recommendation)	Against the proposal (against management recommendation)	Against the proposal (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal merited qualified support as SSGA has some concerns with the remuneration structure for senior executives at the company.	This item did not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	SSGA voted against the nominee due to the lack of gender diversity on the board.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to compensation, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to director elections, which the Trustee has identified as a stewardship priority.

## Significant votes continued

### SSGA, Multi-Asset Global Infrastructure Index Fund

	Vote 1	Vote 2	Vote 3
Company name	United Parcel Service, Inc.	Enbridge Inc.	Dominion Energy, Inc.
Date of vote	5 May 2022	4 May 2022	11 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5%	2.2%	1.7%
Summary of the resolution	Shareholder proposal to report on Climate Change	Shareholder proposal in relation to GHG Emissions	Shareholder proposal to report on Climate Change
How the manager voted	Against the proposal (in line with management recommendation)	Abstain (against management recommendation)	Against the proposal (in line with management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA does not publicly communicate their vote in advance.		
Rationale for the voting decision	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.	SSGA abstained on the proposal as the company's disclosure and/or practices related to GHG emissions are broadly in line with market standard but could be enhanced.	This proposal did not merit support as the company's disclosure and/or practices related to climate change are already considered reasonable.
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on why the vote is considered "significant"	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.	The topic of the vote is linked to environmental issues, which the Trustee has identified as a stewardship priority.	The topic of the vote is linked to climate change, which sits within the Environmental and Social issues stewardship priority chosen by the Trustee.



## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds over the year to 31 March 2023.

SSGA carry out engagement activities at a firm-wide level, and the information provided reflects this. This year, SSGA have been able to provide some high-level information on their engagements at a fund level but cannot provide fund specific engagement examples. The Trustee and their investment adviser will engage with the investment managers to obtain specific examples directly relating to the Scheme's holdings in the future.

Manager	HSBC						SSGA					
Fund name	HSBC Islamic Global Equity Index Fund	SSGA World Adaptive Capping Equity Index Fund	SSGA ACS Multi-Factor Global ESG Equity Index Fund	SSGA UK ESG Screened Index Equity Fund	SSGA North America ESG Screened Equity Index Fund	SSGA Europe ex UK ESG Screened Equity Index Fund	SSGA Japan ESG Screened Equity Index Fund	SSGA Asia Pacific ex Japan ESG Screened Equity Index Fund	SSGA Emerging Markets ESG Screened Equity Index Fund	SSGA World ESG Screened Equity Index Fund	SSGA Global Real Estate Equity Index Fund	SSGA Multi-Asset Global Infrastructure Index Fund
	Self-select (Shariah)	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Growth pool	Self-select (Ethical)	Growth pool	Growth pool
Does the manager perform engagement on behalf of the holdings of the fund?	Yes											
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes											
Number of engagements undertaken on behalf of the holdings in this fund in the year	35	622	103	63	358	119	41	59	7	606	23	56
Number of entities engaged on behalf of the holdings in this fund in the year	23	389	68	42	211	85	30	41	7	380	19	44
Number of engagements undertaken at a firm level in the year	2,632	878										

## Fund level engagement continued

### HSBC

#### Ocado Group plc - Workforce, executive pay, board chair engagement

HSBC voted against the re-election of the board chair and their remuneration report. Following this, the board chair offered an engagement meeting. HSBC agreed to meet them given the company itself is an interesting model of retail and tech/ machinery with workforce issues.

**Outcome:** The board chair acknowledged significant dissent against executive pay, but the large focus on share price in determining pay means that HSBC foresee the large options package for management to be a challenge over the next few years.

HSBC believe it would be good if Ocado committed to enhanced supply chain insight and better understanding of employee wellbeing given the prevalence of low wage roles in the retail model.

HSBC think the move towards zero human pickers is understandable and somewhat predictable, but treating staff with dignity and providing opportunities for them to stay employed is important. HSBC also note the employment growth and controversial fire-and-rehire exercise for UK drivers.

Board gender diversity is below HSBC's desired percentage, and this was communicated to the chair, who accepted their position and said that board refreshment was happening over the next 24 months.

Improvement points include supply chain insight, employee wellbeing and disclosure of injury statistics.

#### Coal India Limited - Thermal coal exposure: emissions reduction, diversification from thermal coal, and improved transparency

This was the first time HSBC had a 1-1 engagement meeting with the company after several attempts to contact them but without response. The focus of this meeting was climate change and the company's climate transition plans, recognizing that it is a state-owned coal miner in India so HSBC's leverage to influence change was limited. In preparation for the meeting, HSBC have engaged with various influencer groups. HSBC also used the upcoming AGM as an opportunity to explain to the company their Say on Climate watchlist and rationale for intention to vote against its non-executive director(s) who were up for re-election.

HSBC had a productive introductory call with the general manager of Environment and discussed the company's scope 1 and 2 decarbonisation initiatives, thermal coal diversification strategies, GHG emissions reduction targets, just transition considerations, and how the company can enhance climate disclosures.

HSBC followed up with recommendations to the company to adopt in order to improve its transparency and scores: (1) GHG targets, (2) TCFD and CDP disclosures, (3) scope 3 reporting, (4) capital expenditure on decarbonisation, (5) diversification strategy and (6) further details of just transition.

Next steps included:

- Following up with CA100+ investor group, as one of the various influencer groups.
- Sharing Thermal Coal Policy with Coal India once published.
- Sharing Just Transition white paper once published.
- Meeting with government board representatives, Shrimati Nirupama Kotru and Shri Kumar Tiwari to exchange with the government and ministry's priorities and challenges.

#### ENN Energy – Science based emissions target and scope 3 emission reporting

ENN Energy is one of the largest clean energy distributors in Mainland China. It is also one of the first non-state-owned piped gas distributors in China. The company is poised to benefit from the energy transition and has clearly articulated its opportunities in this space. HSBC had concerns with board diversity and gender diversity percentages of which both fell this year.

HSBC also inquired into safety and pipeline management given a spate of explosions/ accidents in Mainland China in recent years and incident and risk management. HSBC also discussed climate objectives and net zero commitments.

HSBC discussed and inquired into the company's plans to set a net zero commitment. The company shared that this is being assessed, though priority will be to footprint scope 3 emissions and alignment with the People's Republic of China's timelines on net zero. The demand for gas will only continue to grow as the People's Republic of China has yet to peak emissions.

HSBC outlined the importance of a crisis management team with involvement of senior management and regular testing of crisis management plans – this should cover safety and cyber issues.

HSBC discussed pipeline safety and management. The company outlined how the pipeline network is monitored through AI and the process to refurbish or bring up to standard any third-party pipeline that the company buys.

The company shared that it is committed to achieving 50% board independence and 30% board female representation although has not specified dates for when this is to be achieved.

**Outcome:** The company agreed on the call to greater disclosure on crisis preparedness and whistleblowing matters. ENN has carbon footprinted its scope 3 emissions and will be disclosing this in its upcoming ESG Report. ENN has also committed to net zero emissions.

HSBC will continue to engage with ENN on setting interim emissions reduction targets.

ENN was also the victim of a cyber-attack and provided additional details on processes to address the issue – HSBC will continue to engage with ENN on their cyber preparedness.

## Fund level engagement continued

### SSGA

#### China International Capital Corporation Limited (CICC) – Capital Issuance

The company held an extraordinary general meeting (“EGM”) in the fourth quarter of 2022, seeking shareholder approval for a rights issuance to provide the company with additional capital. One of the agenda items pertained to approving a whitewash waiver in relation to waiving the obligation of a significant stakeholder to make a mandatory general offer to purchase the remaining shares from other shareholders.

Leading up to the company’s annual general meeting, SSGA engaged with the company’s Chief Financial Officer to understand the rationale for the share issuance, request for a whitewash waiver, and parties involved in the transaction.

During the engagement with CICC, the company highlighted its long-term strategy where the issuance will be used to support capital needs for business development and replenish other working capital across different business segments of equity, fixed income trading, and wealth management.

With a focus on growth and expansion in demand, the proceeds will be utilized to strengthen the company’s position in the market. Furthermore, discussions were centred around capital and share class structure, target subscriber for the rights issue, and the whitewash waiver.

**Outcome:** Ultimately, SSGA voted FOR the proposal in the absence of further concerns.

On balance, the structure and nature of the transaction appears reasonable for shareholders to support. In addition, shareholders would be provided equal opportunity to maintain proportionate interest in the company.

At the time, the differential in pricing and premium in the trading price of the Chinese companies listed in China (“A-shares”) relative to the Chinese companies listed in Hong Kong (“H-shares”) would mean a low probability for shareholders of Chinese companies listed in Hong Kong to subscribe to the rights offer, and therefore likely that the majority shareholder would increase their stake.

However, SSGA viewed the risks of adverse impact to H-share shareholders as low, given material advantages of the majority shareholder providing capital at a much higher valuation relative to where the H-shares were trading.

SSGA will continue monitoring the outcome and will remain engaged with the company on this topic. SSGA encourage firms in the Asia-Pacific region especially where structures involve significant or controlling shareholders, to continue engaging with other shareholders in providing transparency and in the consideration and protection of minority shareholder interests.

### ConocoPhillips - Climate change, methane emissions

In 2022, SSGA initiated a series of targeted engagements with portfolio companies in the oil and gas industry on the topic of methane. The oil and gas industry represents one of the largest contributors to global methane emissions, and investors are increasingly focused on understanding how companies are responding to heightened regulatory, reputational and financial risks related to methane.

SSGA engaged with ConocoPhillips in Q2 2021 ahead of its AGM on the company’s approach to managing GHG emissions, including Scope 3 and methane emissions. They discussed opportunities to enhance methane data quality and measurement-based reporting including joining the Oil and Gas Methane Partnership (OGMP) 2.0, a multi-stakeholder initiative launched by UNEP and the Climate and Clean Air Coalition. OGMP 2.0 provides a comprehensive reporting framework to improve the transparency and quality of methane emissions disclosure in the oil and gas industry. In Q3 2022, SSGA conducted a second engagement with the company to discuss its methane detection, monitoring and reduction efforts in further detail.

**Outcome:** In Q3 2022, ConocoPhillips formally joined OGMP 2.0. The company committed to report methane emissions from both operated and non-operated assets and to incorporate source-level and site-level measurements in line with the OGMP’s guidance. The company also set a new medium-term target to achieve a near-zero methane emissions intensity by 2030. SSGA value the constructive dialogue and responsiveness from ConocoPhillips and intend to continue to engage with the company on its methane emissions management and reporting efforts.

### Apple Inc. – Racial Equity

During the 2022 US proxy season, over 20 companies had shareholder proposals asking management to undertake an independent, third-party civil rights or racial equity audit. Apple was one of the companies to receive such a proposal.

In advance of the company’s 2022 AGM, SSGA had multiple engagements with Apple regarding their approach to managing risks and opportunities related to racial equity. In these conversations, SSGA expressed their desire for greater insights into how the company manages risks related to the potential adverse impact of its products and services on underrepresented racial and/or ethnic communities. As a result, SSGA supported the relevant shareholder proposal.

**Outcome:** After the proposal passed with 52% support, the company publicly committed to undertaking a racial equity audit. SSGA applaud Apple’s responsiveness to investors and will continue to engage the company regarding their experience and findings once the audit is complete.

