

Syngenta UK Pension Fund – Retirement  
Account Section

**Annual Implementation  
Statement – Fund year  
ending 31 March 2023**

## Section 1: Introduction

This document is the annual Implementation Statement (“the statement”) in relation to the Retirement Account (“RA”) (Defined Benefit) Section of the Syngenta UK Pension Fund (“the Fund”). It has been prepared by the Trustee and covers the Fund year (“the year”) ending 31 March 2023.

The purpose of this statement is to set out:

- Any review of and changes made to the Retirement Account Section’s Statement of Investment Principles (“RA SIP”) over the year and when these changes were made (see Section 2);
- Details of how and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year (see Section 3); and
- A description of voting behaviour by, or on behalf of, the Trustee (including the most significant votes made by or on behalf of the Trustee) and any use of a proxy voter during the year (see Section 4).

The SIP is a legally required document produced by the Trustee. The RA SIP sets out the principles the Trustee follows with respect to various aspects relating to investing and managing Fund assets including but not limited to investment managers, strategic asset allocation and risks.

A copy of this implementation statement has been made available on the following website:

<https://www.syngenta.co.uk/uk-pension-trustee>

## Section 2: Review and changes to the SIP

The RA SIP was reviewed and updated once in the year, in June 2022. The updates made during June covered the following areas:


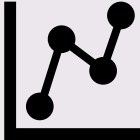
- i. Minor updates to reflect the new statutory guidance issued by the regulator around the Trustees' responsibilities related to voting and engagement activities, in particular highlighting that Trustees have the ultimate ownership and accountability over all policies.
- ii. Small wording changes in relation to investment manager costs, highlighting the review process more clearly.
- iii. Amended Appendix A to reflect changes to the funds that are invested in. Coronation Global Fund Managers (Ireland) Limited, Davidson Kempner and MedicX Advisor Limited were removed from Appendix A.
- iv. Amended Appendix C to reflect the new targeted additional return above the liability proxy of Gilts + 2.0% p.a.


In addition, in March 2023, the Trustee Board agreed that its key stewardship were climate change, biodiversity and corporate governance as stewardship priorities. Where possible, these have been featured in the 'Significant Votes' section of this statement.



In preparing this Implementation Statement, only the RA SIP dated June 2022 has been considered. The Trustee is satisfied that the policies described in the version of the SIP dated June 2022 are the same or more rigorous than the earlier version of the SIP dated June 2021.


## Section 3: The Retirement Account Section Statement of Investment Principles


The table outlines the policies/commitments/objectives in the RA SIP and explains how these have been implemented for the year to 31 March 2023.

	Policy	In the year to 31 March 2023
<b>Governance</b> 	<p>The Trustee has ultimate responsibility for decision-making on investment matters. The Trustee has delegated a number of investment responsibilities to an Investment Committee, which makes investment recommendations to the Trustee where decisions are required to be taken by the Trustee.</p>	<p>Over the year, the Trustee has performed its duties in line with the responsibilities outlined in this section of the SIP, including the delegation of a number of these responsibilities to an Investment Committee.</p>
<b>Objectives of the Fund</b> 	<p>The general investment objectives of the Fund are:</p> <ul style="list-style-type: none"> <li>To maintain a suitably diversified portfolio of secure assets of appropriate liquidity that will generate income and capital growth to meet, together with new contributions from members and the Employer, the cost of current and future benefits which the Fund provides as set out in the trust deed and rules</li> <li>To limit the risk of assets failing to meet liabilities over the long term, in particular in relation to the scheme specific funding measure introduced by the Pensions Act 2004.</li> <li>To control the long-term costs of the Fund by maximizing the return on the assets whilst having regard to the objectives shown above.</li> </ul>	<p>The Trustee reviewed the Fund's journey plan as part of the Fund's triennial valuation with an effective date of 31 March 2021. and adopted a new Journey plan that seeks to be 103% funded on a gilts + 0.30% pa liability basis by 2030 at which point it will be largely de-risked.</p> <p>The Trustee's Investment Committee receives a report from the investment consultant every six months to assist in the monitoring of Fund investments relative to its liabilities. The reporting has shown that over the year investment risk (relative to the Fund liabilities) has reduced in monetary terms due to a reduction in the Fund's targeted return, an increase in the interest rate and inflation hedge ratios, and a general reduction in the size of the Fund (both assets and liabilities).</p>

	Policy	In the year to 31 March 2023
	<p>The Trustee's longer-term objective is for the Fund to be fully funded on a low-risk basis (liabilities valued on gilts + 0.30% pa).</p>	
<p><b>Strategic asset allocation</b></p> 	<p>The strategic asset allocation is driven by the financial characteristics of the Fund, in particular the Fund's liabilities and the risk tolerance of the Trustee and the Employer and the Trustee's assessment of Employer covenant.</p> <p>The Trustee seeks to achieve the Fund's investment objectives through investing in a suitably diversified mix of real and monetary assets that balances investment return against risk. The Trustee ensures that the majority of the assets are invested in regulated markets and that any allocation to unregulated markets is maintained at a prudent level.</p> <p>Over the long term, the overall level of investment returns is expected to exceed the rate of return assumed within the Fund Actuary's funding assumptions.</p>	<p>The Trustee does not target a specific strategic asset allocation but aims to build a portfolio with an expected return consistent with the Journey Plan agreed in 2021. The Employer covenant is regularly monitored by the Trustee's Valuation and Covenant Committee. The Valuation and Covenant Committee consider corporate covenant updates at each Committee meeting. As part of the 31 March 2021 actuarial valuation process, the Committee commissioned Penfida to undertake an independent assessment of the covenant. There have been four Valuation and Covenant Committee meetings over the Fund year.</p> <p>Over the year, the Fund de-risked on two separate occasions as strong funding outcomes saw the Fund breach two of its dynamic de-risking triggers. This allowed the fund to reduce its return-seeking holdings in favour of matching assets. In addition, the Fund increased the proportion of interest rate and inflation hedging from 70% to 80% of assets during the year to take advantage of higher nominal and real yields.</p> <p>As part of the investment reporting provided by the investment consultant every six months, the expected return of the Fund's portfolio is compared to the target return under the Journey Plan. As of 31 March 2023, the Fund's expected return of gilts + 2.1% pa is close to the target return of gilts + 2.0% pa under the Journey Plan and exceeds the rate of return assumed within the Fund Actuary's funding assumptions. This reporting also considers the Fund's key return drivers and risk exposures to ensure that there is suitable diversification of Fund assets.</p> <p>Each year, the Trustee reviews the level of Fund assets invested in Secure Income Assets (SIAs) and private markets funds. This was previously reviewed in June 2022 and suggested a projected allocation to illiquid SIA and private markets assets (excluding buy-in assets) of around 28% of Fund assets (excluding buy-in assets) in around 10 years' time. The Trustee did not make any further commitments to SIAs and private markets funds over the year on this basis.</p>

	Policy	In the year to 31 March 2023
<p><b>Investment Management structure</b></p> 	<p>The Fund's investment managers have been set mandate-specific benchmarks which have clear performance objectives attached. The expectation is that the investment managers should achieve their objectives in the majority of three-year periods under consideration, and demonstrate that the skill they exercise in managing the portfolio and the process that they follow is consistent with these objectives given the level of risk adopted.</p> <p>The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet unexpected cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Fund's overall investment policy where possible.</p>	<p>The Investment Committee reviewed the investment managers' performance against benchmark at each Investment Committee meeting and as part of the regular meetings with the investment managers.</p> <p>The Fund's cash position was monitored by the Pensions Manager and reviewed by the Investment Committee. The Trustee has also set parameters around levels of liquid Fund assets (excluding buy-in assets) that can be realised within a 90 day and 12-month period. Fund liquidity against these parameters was reviewed by the Trustee in June 2022 based on the position at 31 March 2022. This review showed that levels of Fund liquidity (excluding the buy-in assets) had deteriorated since the last review in 2020, but this was not due to any actions taken by the Fund, but simply a result of the illiquid assets outperforming the rest of the portfolio, and hence increasing in relative size.</p>
<p><b>Socially Responsible Investment, Stewardship and Sustainability</b></p> 	<p>The Trustee considers long-term sustainability to be an important and relevant issue to consider throughout the investment process and that an investment's financial success can be influenced by a number of factors including (but not limited to) Environmental, Social and Governance (ESG) issues, including climate change and stewardship.</p> <p>The Trustee considers the exercise of ownership rights to be an integral part of the investment management delegation. The Trustee's policy is to delegate responsibility for stewardship activities (including voting rights and engagement activities) attaching to investments to the investment managers.</p> <p>The Trustee encourages the Fund's investment managers to adopt the UK Stewardship Code, and the voting policies of the investment managers are reviewed annually. At present, the Trustee does not explicitly take account of non-financial matters in Fund investments.</p>	<p>The consideration of ESG issues in day-to-day decisions is delegated to the investment managers. However, the Trustee is ultimately responsible for the actions which its managers take, and closely monitors the managers' approach to sustainable investment.</p> <p>The Trustee's Investment Committee regularly met with its investment managers and, as part of these meetings, reviewed the investment managers' approach to ESG integration and stewardship. Some of the Fund's investment mandates have an explicit consideration of ESG issues in the investment process (for example, the Fund has an investment in a strategy providing exposure to solar panel assets). In addition, the Trustee continues to be invested in a passively managed global equity mandate which tracks a new benchmark index that includes explicit and systematic consideration of sustainability including a lower environmental footprint and better ESG score than the wider global equity market benchmark.</p> <p>On behalf of the Trustee, the Fund's investment consultant collected information from the Fund's investment managers regarding their voting policies over the year and adoption of the UK Stewardship Code as outlined in the RA SIP. The information relating to the investment manager voting policies included the percentage of eligible votes cast, the use of proxy voting services and the most significant votes cast. A more detailed breakdown of this information can be found in Section 4 of this statement. The UK Stewardship Code is widely adopted by the</p>

	Policy	In the year to 31 March 2023
		<p>investment managers of the Fund, either through explicit adoption of the Code or by managing the Fund's assets within the principles of the code. A number of investment managers did not comment directly on their compliance with the UK Stewardship Code, mainly citing the international rather than UK focussed nature of their investment clients and products. The responses received by the Fund's investment managers were reviewed with the Investment Committee.</p> <p>Recently, the Trustee have also confirmed that climate change, poor audit and risk control at investee companies and biodiversity are the stewardship preferences. The Trustee with support from the investment consultant will continue to comply with the regulatory requirements in line with the Taskforce on Climate-Related Financial Disclosures (TCFD), which became effective from 1 October 2022, and is producing its first TCFD report in 2023.</p>
<p><b>Investment manager arrangements</b></p> 	<p>The Trustee ensures that, in aggregate, the portfolio is consistent with the policies set out in the SIP. The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.</p> <p>For most of the Fund's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and the Trustee appoints its investment managers with an expectation of a long-term partnership.</p> <p>The Trustee reviews the costs incurred in managing the Fund's assets regularly, including the costs associated with portfolio turnover. There is no broad targeted portfolio turnover.</p>	<p>The Trustee receives regular input and monitoring regarding the Fund's investment managers from the investment consultant, including when a significant change or issue occurred. The Trustee received investment advice on the suitability of investments when appointing new investment managers over the year.</p> <p>The RA SIP was sent to all investment managers (excluding those with small balances or where the mandate has been terminated by the Trustee), who were asked to highlight if there is any misalignment between the Trustee's policies and how they manage the Fund's assets. No concerns were raised by any investment managers.</p> <p>The Investment Committee reviewed the RA Section investment mandates' ongoing costs and charges through a report provided by its investment consultant. This report included details of incurred fees over the 2021 year including underlying fees such as transaction costs, including portfolio turnover costs. The Trustee also engages with the investment managers on costs. Over the year this included further investigation of certain fees shown in the cost and charges report noted above, and the negotiation of fees with investment managers for new investment mandates.</p> <p>On behalf of the Trustee, the Fund's investment consultant collected information from the Fund's investment managers and produced a report regarding the portfolio turnover of each investment mandate. These figures were compared</p>

	Policy	In the year to 31 March 2023
		against an expected portfolio turnover figure for each asset class, as provided by the investment consultant, and reviewed with the Investment Committee. There were no significant areas of concern identified in this report.
<b>Monitoring</b> 	<p>The appointment of the investment managers is reviewed by the Trustee from time to time. The Trustee recognises and monitors several risks involved in the investment of the assets of the Fund, which are outlined in the SIP.</p>	<p>The Trustee monitored and managed these risks in several ways including:</p> <ul style="list-style-type: none"> <li>• The regular reporting received from its investment consultant and managers;</li> <li>• Updates on investment managers from the Trustee’s investment consultant, including when a significant change or issue has occurred;</li> <li>• Regular meetings with managers by the Investment Committee (each manager seen at least once per year)</li> <li>• Maintenance and ongoing review of a Trustee risk register;</li> <li>• Historical fund performance reporting which is calculated by an independent performance measurer and reviewed at each Investment Committee meeting;</li> <li>• Strategic papers provided over the year by the investment consultant on the review of the Fund’s Journey Plan and liability hedging strategy;</li> <li>• Annual monitoring of Phoenix, the Fund’s buy-in provider.</li> </ul>



## Section 4: Voting information and significant votes

As set out in the RA SIP, the Trustee has delegated the stewardship activities (including voting and engagement) and the integration of ESG considerations in day-to-day decisions to the Fund's investment managers.

The Fund's assets are invested across a diverse range of asset classes which carry different ownerships rights. Some of the Fund's underlying investment mandates, such as fixed income or derivatives (where these holdings do not have voting rights attached) or property and infrastructure (where voting is not applicable as no voting rights are attached but it is recognised that these strategies will bring with it a high level of ownership and control through the holding of physical assets), have been excluded from the tables below.

The Fund's RA Section investment managers have their own voting policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. The Trustee believes that the voting practices demonstrated below by the managers may add value to the Fund's assets over the relevant time period.

Details of these investment managers' use of proxy voting services, to aid in their decision-making when voting, are summarised in the table below:

Manager	Fund	Use of Proxy Voting Service
Alliance Bernstein	China A-Shares Value	Alliance Bernstein use Institutional Shareholder Services' online voting platform to execute votes electronically. They also use their benchmark research as a screening tool before implementing their own Proxy Voting and Governance Policy.
Ashmore	Emerging Market Liquid Investment Portfolio	The responsibility for voting decisions lies with the portfolio managers. Portfolio managers aim to vote on all proxies presented to them. Ashmore uses ISS to manage its proxy voting. In addition to their own research and communications with company management, portfolio managers may use analysis and recommendations provided by ISS to inform their decision-making.
Bridgewater	Pure Alpha Strategy	Since 2006, Bridgewater has engaged Glass, Lewis & Co. ("Glass Lewis") to vote proxies on behalf of their clients. Bridgewater generally subscribes to the proxy voting policy adopted by Glass Lewis but reserves the right to direct Glass Lewis to vote in a manner that is contrary to such policy where appropriate, or as specifically directed by a client.
Coronation	Emerging Markets Equity Strategy	Coronation does not outsource the voting of shares as they believe it forms part of their investment offering and approach.  The Global Emerging Markets Team uses Broadridge Proxy Edge as a proxy / corporate event voting system due to custodian requirements and the majority of offshore clients using this system. Broadridge has been appointed by all foreign custodians as the intermediary for all foreign proxy voting, which includes the dissemination of proxy ballots as well as the processing of voting instructions. The Broadridge Proxy Edge system notifies them of meetings applicable to offshore holdings and provides them with ballots and supporting documentation applicable to any meeting. It also receives SWIFT messages, collates votes and sends them off to market as well as making them aware of any outstanding requirements and documentation that need to be in place for certain funds and markets.
Davidson Kempner	Davidson Kempner International	Broadridge Proxy Edge is used to administer votes. Proxy advisory services are not used.
LGIM	Robeco Global Sustainable Multi-Factor Equities Index Fund	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 LGIM do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
Sands	Emerging Markets Growth	Sands vote on their proxies themselves, but they consider the recommendations of proxy advisors such as ISS and Glass Lewis in their voting decisions.

Värde	Värde Fund X	Värde voted with the agent directly and did not use a proxy voting service.
Warburg Pincus	Private Equity IX, X & XI	Warburg Pincus do not make use of any proxy voting services.

The table below sets out the voting activities of the Fund's RA Section investment managers holding equities, on behalf of the Trustee, over the year, as here there is a right to vote as an ultimate owner of a stock. Please note that the data provided by Alliance Bernstein, LGIM (Robeco Global Sustainable Multi-Factor Equities Index Fund) and Sands covers the entire Fund year. However, these mandates were implemented by the Fund after the commencement of the Fund year and therefore, the voting activity shown may reflect periods of time when the Fund was not invested into these mandates.

Manager	Fund	Voting Activity
Alliance Bernstein	China A-Shares Value	<p><b>Number of resolutions on which manager was eligible to vote:</b> 2,168</p> <p><b>Percentage of eligible votes cast:</b> 100%</p> <p><b>Percentage of votes with management:</b> 82%</p> <p><b>Percentage of votes against management:</b> 13%</p> <p><b>Percentage of votes abstained or withheld:</b> 5%</p> <p><b>Percentage of meetings where voted against management at least once:</b> 56%</p> <p><b>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:</b> 7%</p>
Ashmore	Emerging Market Liquid Investment Portfolio	<p><b>The Ashmore Emerging Market Liquid Investment Portfolio casted no votes in the 12 months ending 31 March 2023.</b></p>
Bridgewater	Pure Alpha Strategy	<p><b>Number of resolutions on which manager was eligible to vote:</b> 20,614</p> <p><b>Percentage of eligible votes cast:</b> 99.84%</p> <p><b>Percentage of votes with management:</b> 86.08%</p> <p><b>Percentage of votes against management:</b> 13.54%</p> <p><b>Percentage of votes abstained or withheld:</b> 0.85%</p> <p><b>Percentage of meetings where voted against management at least once:</b> 43.74%</p> <p><b>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:</b> 0.56%</p>
Coronation	Emerging Markets Equity Strategy	<p><b>Number of resolutions on which manager was eligible to vote:</b> 506</p> <p><b>Percentage of eligible votes cast:</b> 100%</p> <p><b>Percentage of votes with management:</b> 82%</p> <p><b>Percentage of votes against management:</b> 14%</p> <p><b>Percentage of votes abstained or withheld:</b> 4%</p> <p><b>Percentage of meetings where voted against management at least once:</b> 72%</p>

		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 0%
Davidson Kempner	Davidson Kempner International	<p>Number of resolutions on which manager was eligible to vote: 1476</p> <p>Percentage of eligible votes cast: 63.82%</p> <p>Percentage of votes with management: 96.07%</p> <p>Percentage of votes against management: 3.82%</p> <p>Percentage of votes abstained or withheld: 0.11%</p> <p>Percentage of meetings where voted against management at least once: 5.11%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 1.50%</p>
LGIM	Robeco Global Sustainable Multi-Factor Equities Index Fund	<p>Number of resolutions on which manager was eligible to vote: 25,941</p> <p>Percentage of eligible votes cast: 99.83%</p> <p>Percentage of votes with management: 79.67%</p> <p>Percentage of votes against management: 19.52%</p> <p>Percentage of votes abstained or withheld: 0.81%</p> <p>Percentage of meetings where voted against management at least once: 70.29%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 12.53%</p>
Sands	Emerging Markets Growth	<p>Number of resolutions on which manager was eligible to vote: 440</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 94.09%</p> <p>Percentage of votes against management: 3.86%</p> <p>Percentage of votes abstained or withheld: 2.05%</p> <p>Percentage of meetings where voted against management at least once: 22.95%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 12.73%</p>
Varde	Varde Fund X	<p>Number of resolutions on which manager was eligible to vote: 0</p> <p>Percentage of eligible votes cast: N/A</p> <p>Percentage of votes with management: N/A</p> <p>Percentage of votes against management: N/A</p> <p>Percentage of votes abstained or withheld: N/A</p> <p>Percentage of meetings where voted against management at least once: N/A</p>
Warburg Pincus	Private Equity IX, X, XI	<p>Number of resolutions on which manager was eligible to vote: 69</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 100%</p> <p>Percentage of votes against management: 0%</p> <p>Percentage of votes abstained or withheld: 0%</p> <p>Percentage of meetings where voted against management at least once: N/A</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: N/A</p>

The following tables outline the most significant votes cast by the Fund's RA investment managers on the Trustee's behalf over the year.

**Alliance Bernstein – China A – Shares Value - Most significant vote cast**

**Company:** Contemporary Amperex Technology Co., Ltd.

**Meeting Date:** 31<sup>st</sup> August22

**Resolution:** Approve Draft and Summary of Stock Option Plan and Performance Share Incentive Plan

**How the manager voted:** Against

**Rationale:** Directors eligible to receive options and performance shares under the scheme are involved in the administration of the scheme. This present a potential conflict of interest. Further, the fairness of the plan is questionable due to the fact that the performance hurdles are established in the second half of the year but factor performance from the first half.

**Result of vote:** No meeting has been held since.

**Ashmore - Emerging Market Liquid Investment Portfolio - Most significant vote cast**

Ashmore have not deemed any votes to be of significance to the fund.

**Bridgewater – Pure Alpha Strategy - Most significant vote cast**

Bridgewater has not adopted a policy for identifying "significant votes," as any particular voting matter's outcome is inconsequential in the context of the overall portfolios. For context, positions of their strategies, including their equity positions, are based on the fundamental linkages between asset classes and macro-economic conditions, not the evaluation of specific companies or company-specific issues. Bridgewater as a firm does not seek to influence, engage directly with, or hold concentrated positions in individual companies. Moreover, Bridgewater generally subscribes to the proxy voting policy adopted by Glass Lewis, their proxy voting provider, which makes recommendations in favour of governance structures that manage risk, drive performance and create shareholder value.

**Coronation – Global Emerging Markets Equity Strategy - Most significant vote cast**

**Company:** Anglo American Plc

**Meeting Date:** 19<sup>th</sup> April 22

**Resolution:** Approve Climate Change Report

**How the manager voted:** Supported Management

**Rationale:** The climate change report sets out clear pathways to carbon neutral operations by 2040 and the company's ambition to reduce Scope 3 emissions by 50%, also by 2040.

**Result of vote:** 94.2%

**Davidson Kempner – Davidson Kempner International – Most significant vote cast**

Information regarding most significant votes was not provided in the template because DKCM is not required by law to determine significant votes and therefore does not have policies and procedures in place to determine significant votes. The investment professionals involved in making investment decisions for the Fund will be responsible for reviewing materials that they receive in advance of any vote and determining whether and how to vote on behalf of the Fund.

**LGIM - Robeco Global Sustainable Multi-Factor Equities Index Fund - Most significant vote cast**

**Company:** Alphabet Inc.

**Meeting Date:** 1<sup>st</sup> June 22

**Resolution:** Report on Physical Risks of Climate Change

**How the manager voted:** For

**Rationale:** A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

**Result of vote:** 17.7%

#### **Sands Capital – Emerging Markets Growth Fund - Most significant vote cast**

**Company:** Asian Paints Limited

**Meeting Date:** 20<sup>th</sup> April 22

**Resolution:** Elect Milind Sarwate as Director

**How the manager voted:** Against

**Rationale:** Concerns that the director is overconsumed and may not able to serve the board of Asian Paints effectively.

**Result of vote:** Pass

#### **Varde – Fund X - Most significant vote cast**

Varde did not conduct any proxy votes during the year.

#### **Warburg Pincus – Private Equity IX, X, XI - Most significant vote cast**

Warburg Pincus have not deemed any votes to be of significance to the fund.

## **Stewardship and Engagement Activity**

The Trustees have delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to their investment managers. However, the Trustees recognise that they retain ultimate responsibility for the actions of the Fund's investment managers and undertake monitoring as part of assessing whether they are appropriately considering ESG risks and opportunities.

Below are some engagement activity examples from select managers in relation to ESG risks and opportunities.

### **1. Global Equity manager engagement**

#### Background

A large electric utilities firm in Japan had areas of governance improvements that could be made within their board structure. The firm also can make improvements towards climate related issues.

Following issues with former directors and lack of climate reporting, the firm underwent significant changes.

#### Action

The manager took two actions to note their desire of change within the firm. They rejected the re-election of the former director and met with the company to discuss the governance and climate related issues.

#### Outcome

Improvements have been made with the gender diversity on the board with 15% made up of women, with expectation of an increase over time. However, the manager is in constant communication with the firm, with more improvements to be made on areas such as the remuneration committee, where the manager expects this to be 100% independent of the board.

In terms of climate related issues, the manager is in contact with the firm for setting Paris-aligned net zero targets. The company does currently disclose CO2 emissions, but the lack of third-party verification is a room for improvement as is emissions targets.

## 2. Emerging Markets Equities manager engagement

### Background

A large Chinese condiments manager is making progress towards better ESG implementation, but remains below average with an MSCI ESG rating of B. The manager is looking to see whether a better ESG strategy has been put in place to improve on their rating.

### Actions

The equities manager met with the Chairman, CEO and Board Secretary to discuss the progress made towards a structure for ESG strategy.

### Outcome

During the recent meeting, the manager was encouraged by the progress that the company has made towards its environmental disclosures and how the company has elevated the importance of its ESG performance. The company had outlined how they now have an ESG strategy at the board level, which is led by the Chairman. Additionally, the company also has key performance indicators for each business unit.

The company has engaged with several external agencies to set up internal ESG targets. Further to this, they have begun to disclose emissions and have started to place solar panels in some of their facilities, which now generates ten percent of the company's electricity use.

Furthermore, the company realised that a part of the reason for the below average MSCI ESG rating was its lack of disclosures, meaning that the company had already put certain policies and procedures in place but was not being recognised for them. The manager will continue to engage with the company in the future.

## Section 5: Conclusion

Overall, the Trustee believes that the RA SIP has been followed over the Fund year. Further, having monitored the investment managers over the year, and reviewed the voting information outlined in this statement, the Trustee is satisfied that the investment managers are acting in the members' best interests and are effective stewards of the RA Section assets.

The Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis.