Chivas Brothers Pension Scheme

Implementation Statement at 5 April 2024

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Chivas Brothers Pension Scheme ("the Scheme") continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address Chivas-Brothers-Pension-Scheme-SIP-May-2024-Final-for-Upload.pdf (chivasbrothers.com). Changes to the SIP are detailed later in this statement.

The Implementation Report details:

- Actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP.
- The current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- The extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- Voting behaviour covering the reporting year up to 5 April 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

The Trustee agreed to a number of strategic and manager changes over the year to better align the strategy with the Scheme's agreed long-term objective, and in response to market changes:

Following a strategy review for the Scheme in June 2023, the Trustee agreed to:

- Invest 10% of the portfolio in the Schroders AAA Flexible Asset Backed Securities ("ABS") Fund, to be held as 'Tier 2' collateral alongside the Liability-Driven Investment ("LDI") assets.
- Invest 10% of the portfolio in Multi-Asset Credit, selecting the M&G Sustainable Total Return Credit Investment Fund ("STRCI").
- Invest 10% of the portfolio in Semi-Liquid Credit, selecting the CQS Credit Multi-Asset Fund.

The above investment decisions were implemented over the reporting year and funded from various sources, including surplus cash held in the Abrdn Treasury and Deposit Fund, redemption proceeds from the Abrdn Long Lease Property Fund and distributions from the Ares Secured Income Fund which as noted below is being liquidated.

The Trustee also agreed to target a liability hedge of 70% of the liabilities' sensitivity to interest rate and inflation movements, on a technical provisions basis, which broadly equates to c.50% on a gilts flat basis (the previous liability hedging target).

In September 2023, the Trustee agreed to implement equity protection options with Schroders to limit the volatility of the Scheme's synthetic equity exposure throughout the Actuarial Valuation period (5 April 2024). The options were implemented in early February 2024.

In November 2023, Ares announced the liquidation of the Secured Income Fund, with capital to be returned to investors over the coming years. The Trustee agreed to re-allocate proceeds from Ares to a second Semi-Liquid Credit mandate, selecting the Barings Global High Yield Credit Strategies ("GHYCS") Fund.

Following the investment strategy reviews in June 2023 and March 2024, the Trustee agreed to adopt the following strategic benchmark, which is reflected in the current Statement of Investment Principles ("SIP"):

Asset Class	**Strategic Benchmark**
Diversified Growth	5%
Long Lease Property	7%
Private Credit	10%
Semi-Liquid Credit	20%
Multi-Asset Credit	10%
Asset Backed Securities	12%
LDI & Collateral (inc. synthetic equity)	36%

Implementation Statement

This report demonstrates that the Chivas Brothers Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 70% of these risks on a Technical Provisions basis.	The Trustee agreed to target a liability hedge of 70% of the liabilities' sensitivity to interest rate and inflation movements, on a technical provisions basis, over the year. This broadly equates to c.50% on a gilts flat basis (the previous liability hedging target). This change has been reflected in the May 2024 SIP update.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI and synthetic equity manager.	The Trustee monitors the Scheme's liquidity position as part of its quarterly performance reporting. The Trustee agreed a revised investment strategy over the period which seeks to maintain a sufficient level of liquidity within the portfolio to meet cashflow and collateral requirements. In line with regulatory guidance, the Trustee included their collateral management policy within the updated SIP. This change has been reflected in the May 2024 SIP update.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable	The Trustee made strategic changes over the reporting period to better align the strategy with the Scheme's agreed long-term objective, and in response to changing market conditions. These changes have

			been summarised in the previous section. This change has been reflected in the May 2024 SIP update.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Scheme's credit allocation was revised as part of the investment strategy review in June 2023. These changes have been summarised in the previous section. This change has been reflected in the May 2024 SIP update.
Environmental Social & Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustee monitors the mangers on an ongoing basis. The Trustee considers ESG issues as part of the investment process, and believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return	The Trustee reviewed the ESG policies of the Scheme's underlying investment managers post reporting year-end (in June 2024) in the form of a Sustainability Integration Assessment ("SIA"). In line with regulatory requirements, the Trustee included their voting and engagement policy within the updated SIP. This change has been reflected in the May 2024 SIP update.

		profile of the asset classes they are investing in.	
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigate currency risk where applicable to minimise the impact of fluctuating exchange rates.	The Trustee reviewed the Scheme's investment strategy over the reporting period. The Trustee maintained the c.50% currency hedge within the global synthetic equity portfolio.
Non-financial		Any factor that is not expected to have a financial impact on the Scheme's investments.	No Trustee actions or amendments were implemented over the reporting period in respect of non-financial risks.

Changes to the SIP

The SIP was updated in May 2024, post reporting year-end, to reflect investment strategy changes made over the year and recent regulatory guidance and requirements. The following amendments and policies were added to the SIP:

Appendix 1 – Investment arrangements

Fund Manager	Target Allocation (%)	Asset Class	Performance Objective
Abrdn	7.0	Long Lease Property	SONIA plus 2.0% per annum (gross of fees)
	-	Cash	SONIA
Mercer	5.0	Diversified Growth Funds[1]	SONIA plus 3.0% per annum (net of fees)
	10.0	Private Credit	Assumed as net performance
Barings	10.0	Semi-Liquid Credit	Secured Overnight Financing Rate ('SOFR') + 4.4% p.a.
CQS	10.0	Semi-liquid Credit	SONIA plus 4.0% per annum (net of fees)
M&G	10.0	Multi-asset Credit	SONIA plus 2.5% per annum (net of fees)
Schroders	12.0	Asset Backed Securities	SONIA plus 1.0% per annum (gross of fees)

	36.0	Synthetic Equity	Composite benchmark
		Liability Driven Investment ("LDI")	The allocation is managed on a passive basis, whereby the objective is to match, rather than exceed the performance of the nominated liability-based benchmark.
Total	100.0		

[1]The capital committed to Credit Opportunities is held in a Diversified Growth Fund on an interim basis, as part of the capital draw-down arrangements in place.

In addition to the liability hedging programme, the collateral pool supports a synthetic equity portfolio. The synthetic equity strategy is designed to provide the equivalent of c.20% (as a % of total assets) exposure to global equity markets. Please find a breakdown of this allocation below.

Fund Manager	Target Allocation (%)	Asset Class
Schroders (Synthetic Equity - Sustainable)	8.0	Global Developed Equities
	8.0	Global Developed Equities (GBP Hedged)
	4.0	Global Emerging Market Equities
Total	20.0	

Asset split by asset class:

Asset Class	Strategic Benchmark (%)	Expected Return[1] (%)
Long Lease Property	7.0	Gilts + 2.5
Diversified Growth Funds	5.0	Gilts + 2.8
Private Credit	10.0	Gilts + 4.2
Semi-liquid Credit	20.0	Gilts + 3.3
Multi-asset Credit	10.0	Gilts + 2.6
Asset Backed Securities	12.0	Gilts + 1.0

Synthetic Equity	36.0	Gilts + 4.3[2]
LDI & Cash		Gilts
Total	100.0	Gilts + 3.1

Totals may not sum due to rounding. [1]Expected return assumptions are based on Isio's central (best estimate) assumptions as at 31 December 2023. [2]Based on a weighted average as at the 31 December 2023 asset split.

Appendix 2 – Risks, Financially Material Considerations (including ESG and climate change) and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	• When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 70% of these risks on a Technical Provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI and synthetic equity manager.
Market	Experiencing losses due to factors that affect the overall	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.

	performance of the financial markets.	
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI signatory 6. UK Stewardship Code signatory The Trustee monitors the managers on an ongoing basis. The Trustee considers ESG issues as part of the investment process, and believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes they are investing in.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigate currency risk where applicable to minimise the impact of fluctuating exchange rates.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Appendix 3 – Investment arrangements

The Trustee has the following policies in relation to the investment management arrangements for the Scheme:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• As most of the Scheme's managers are invested in pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. • The Scheme's LDI and synthetic equity manager has segregated arrangements with the investment managers, thereby allowing investment managers to align their strategy with the Trustee's policies. This is reviewed on an ongoing basis.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements.

with them to improve performance in the medium to long-term.	• The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews the performance of all of the Scheme's investments on a net of fees basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance of the investments on an absolute basis and relative to the pre-defined benchmarks (over the relevant period). • The Trustee's focus is long-term performance but will put a manager 'on watch' if there are short-term performance concerns.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Scheme's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Scheme invests in. o For closed ended funds, or funds with a lock-in period, the Trustee ensures the timeframe of the investment or lock-in is in line with the Trustee's objectives and Scheme's liquidity requirements. o For open ended funds, the duration is flexible and the Trustee will, from time-to-time, consider the appropriateness of these investments and whether they should continue to be held.
Voting Policy – How the Trustee expects investment managers to vote on their behalf	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.
Engagement Policy – How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on their behalf. The Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually.

Appendix 4 – Collateral Management Policy

At the time of writing, the Trustee is targeting a level of collateral sufficient to withstand a yield rise of:

- 200bps held in Tier 1 collateral with the LDI manager (with an early capital warning at 250bps);
- 400bps held in Tier 1 and Tier 2 collateral with the LDI manager.

The Trustee will review this no less frequently than annually, or as soon as possible in the event of significant market movements.

The Trustee also adopts a framework for maintaining sufficient collateral levels.

Trigger	Action	Responsibility
LDI fund issues capital call	Assets sold from below collateral waterfall to meet capital call	LDI manager / Trustee
When collateral falls below 250bps	Assets sold from below collateral waterfall to restore buffer to above 400bps (agreed with the LDI manager)	LDI manager responsible for monitoring trigger, Trustee responsible for implementation (as soon as possible with timescales agreed with LDI manager)

The latest collateral waterfall is set out below. Assets held within the immediate collateral framework (Tier 2) with the same manager as the LDI mandate are shown in bold, reflecting the lower governance burden on the Trustee.

Manager	Asset Class	Dealing frequency
LDI manager	Asset Backed Securities	Daily frequency
Non-LDI manager	Cash	Daily frequency
Non-LDI manager	Multi-asset Credit	Daily frequency

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regard to ESG as a financially material risk. This page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures.

The Trustee intends to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Risk management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme. 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.

Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified	Engagement with manager commentary
Abrdn - Long Lease Property	Abrdn have strong resources dedicated to ESG integration at a firm level and particularly within the real estate business. The Fund employs comprehensive ESG policies and targets and follows a diligent approach to integrating these across the portfolio. Abrdn compares favourably to peers in terms of the depth of ESG analysis they perform and the tangible and strong ESG case studies they are able to provide. The nature of direct real estate investing does lead to limitations in terms of Engagement, Voting and Stewardship.	• Provide more clarity on social related targets and biodiversity initiatives. • Provide active engagement data and outcome of engagement activities with tenants/occupiers at fund level. • Fund-level specific ESG metrics or sustainability reports on a quarterly basis. • Produce fund-specific white papers on how the fund's ESG objectives lead to more favourable investment outcomes.	Isio have engaged with Abrdn throughout the Scheme year to collect and monitor ESG progress against these actions.

Abrdn – Standard life Deposit and Treasury Fund	Isio do not formally review the manager's ESG capabilities for cash holdings.		
Ares - Secured Income Fund	The Ares Secured Income Fund is undergoing liquidation, making it difficult for Ares to make substantial ESG advancements. Most of the residual asset exposure within the fund is to the Ares Real Estate Debt Fund. As a result, the ESG process and objectives are managed to a different fund. The decline in scores across several of the assessment criteria compared to last year is partially due to Isio raising the standards on how investment managers should approach and consider sustainable investment. Furthermore, the fund's focus on CLOs, Private ABS and Real Estate Debt somewhat restricts Ares' ability to integrate ESG across the mandate. However, Ares' level of integration is lower than peers and we would expect a higher level of ESG integration than is currently displayed.	As the fund is in the process of winding down, we are not recommending any proposed actions to Ares.	Isio have engaged with Ares throughout the Scheme year to collect and monitor ESG progress against these actions.
Schroders – Asset Backed Securities	We believe that Schroders have a strong firm-wide approach to stewardship as it has a dedicated team setting priority themes and overseeing engagement activity. It is also a key industry collaborator and member of several initiatives. However, at a fund-level there are no specific ESG-objectives and unlike peers, Schroders	• Assess the effectiveness of green, sustainable-linked, or use of proceeds ABS insurance for inclusion in the portfolios. • Schroders could update its ESG scorecard annually to keep up with best practice.	Isio engaged with Schroders on 26 April 2024, providing them with feedback on our recent ESG assessments.

	doesn't produce regular ESG reports for the fund. As ESG reports are not produced they are unable to achieve a higher score than 0.0 for Reporting.	• Begin producing a quarterly ESG report in line with peers.	
Schroders – LDI & Synthetic Equity	Schroders integrate ESG consideration in their counterparty selection process and have a well-established method to screen counterparties. Schroders engage with third party advisers to help them design and implement new ESG frameworks.	• Schroders should be making progress on setting climate change objectives for their LDI funds. • Schroders could start to report fund-level carbon footprints. • Schroders should consider changing their policy around disclosing their internal ESG ratings for counterparties.	Isio engaged with Schroders on 26 April 2024, providing them with feedback on our recent ESG assessments.
CQS – Multi Asset Credit	CQS have a clear firm-wide ESG framework and the fund itself has several ESG objectives, such as attaining better ESG ratings and lower 'WACI' (Weighted Average Carbon Intensity) than a high yield index benchmark, and achieving Net Zero by 2050. Proprietary analysis feeds into the investment and risk management processes. Portfolio analysts and managers are responsible for carrying out ESG due diligence on issuers and provide an ESG score that feeds into the overall internal credit rating. The strategy compares favourably with multi-asset credit peers in terms of integrating ESG factors.	• CQS could update its ESG scorecard and risk framework annually to ensure they remain fit for purpose. • CQS could increase the proportion of holdings with which it engages on an annual basis. • CQS could further develop ESG reporting to include social and nature metrics and implied temperature rise as a part of regular fund reporting. This would increase the coverage of reported/verified greenhouse gas emissions.	Isio have engaged with CQS throughout the Scheme year to collect and monitor ESG progress against these actions.
M&G – Sustainable Total Return Credit Investment Fund	M&G boasts a robust firm-wide ESG strategy, illustrating their competency managing ESG risks.	• M&G could look to formalise stewardship priorities at the fund level and	Isio have engaged with M&G throughout the Scheme year to collect and monitor ESG

	The ‘sustainable’ version of the TRCI Fund enhances the ESG integration of the flagship fund by having stricter screening and greater positive tilting – with at least 51% invested in ‘sustainable’ holdings. M&G also aim to achieve lower carbon emissions and higher MSCI ESG scores than a comparator corporate bond index. However, the ESG reporting lags vs some peers in the market as M&G do not produce detailed ESG metrics and tracking for the assets contained within the portfolio.	increase the proportion of underlying portfolio assets with which M&G engages. • M&G could continue to improve data coverage and reporting metrics on a regular basis. • M&G could disclose fund level carbon footprint in regular reporting.	progress against these actions.
Mercer – Diversified Growth Fund	Mercer have a well-defined firm-level ESG and Stewardship policies in place, with a dedicated Sustainable Investment Team. Mercer do not typically directly select securities themselves but combine third-party managers into their Funds. Therefore, Mercer’s scope for ESG integration is within the manager selection, reporting and monitoring processes. Mercer believe the selected managers are best placed to engage with ESG considerations at a security level but acknowledge their role in monitoring the managers stewardship activities. The Fund has forward looking ESG objectives, and it is covered by the firm level net zero target.	• Mercer could improve risk management by being able to provide specific examples of how key ESG risks are mitigated at fund level. • Mercer could provide examples of engagement for individual holdings within the sub-funds. • Mercer could capture climate risk in its company/asset level ESG assessments.	Isio have engaged with Mercer throughout the Scheme year to collect and monitor ESG progress against these actions.

Mercer – Credit Opportunities Fund	Mercer have a well-defined firm-level ESG and Stewardship policies in place, with a dedicated Sustainable Investment Team. The fund lacks specific ESG objectives however, it does apply exclusions to various categories such as UNGC violators, coal and tar/oil sands producers at a fund level due to Mercer's Exclusionary Framework. Mercer have conducted minimal engagement activities related to this fund's holdings, but Mercer do have stewardship priorities at a firm level.	• Provide climate metrics such as Scope 1,2 & 3 WACI and GHG emissions in regular reports. • Become a signatory of key organisations focused on social factors such the UNPRI initiative on social issues and human rights or ShareAction's Workforce Disclosure Initiative. • Provide evidence and examples of where an engagement was undertaken to enhance climate risk mitigation within the fund.	Isio have engaged with Mercer throughout the Scheme year to collect and monitor ESG progress against these actions.

Engagement

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 5 April 2024. Due to reporting constraints, some managers were only able to provide engagement data to a nearest available quarter end date, which we have stated below.

Fund name	Engagement summary	Commentary
M&G - Sustainable Total Return Credit Investment Fund	Data reported to 31 March 2024. Total engagements: 11 Number of entities engaged: 10 Environmental: 6 Of which relating to Climate change: 6 Waste reduction: 0 Social: 3 Of which relating to Board diversity: 3 Governance: 2 Financial: 0	The fund is categorised as Planet+/Sustainable, and as an Article 8 fund under SFDR. It promotes environmental and social characteristics, and the Investment Manager expects at least 70% of the fund to be aligned to promote E/S characteristics.

Abrdn - Standard Life Deposit and Treasury Fund	There were no engagements for the Deposit and Treasury Fund over the period.	
Ares – Secured Income Fund	Engagements are not currently tracked at the strategy level.	
CQS – Credit Multi Asset Fund	Total engagements: 324 Number of entities engaged: 77 Environmental: 130 Of which relating to Climate change: 61 Waste reduction:58 Social: 40 Governance: 57 Of which relating to Board diversity : 7 Financial: 97	The manager has four key engagement priorities: Sustainable business practices (companies have established and appropriate ESG policies). Good governance and financial disclosure. Climate risk management and encouraging disclosure (in alignment with TCFD). Diversity within a company (with established and appropriate Diversity & Inclusion policies).
Mercer – Diversified Growth Fund	Mercer were unable to provide a breakdown of engagements carried out by the Diversified Growth Fund during the Scheme year to 5 April 2024. They did, however, provide a small number of examples of engagements carried out during the 2023 calendar year. These examples included engagements relating to climate change, carbon intensity, Board quality and transparency, and also diversity, equality and inclusion.	The purpose of the Scheme's investment with the manager is to fund expected capital commitments from the Mercer Credit Opportunities Fund and is therefore expected to be a transitory investment. The Scheme is comfortable that the manager engages with companies in a way that align with the Scheme's ESG policies and beliefs.
Mercer - Credit Opportunities Fund	Due to the private market nature of the Credit Opportunities Fund, engagement data is not available.	
Schroders – Offshore Cash Fund	There were no engagements over the period.	
Schroders - AAA Flexible ABS Fund	There were no engagements over the period.	
Schroders – LDI & Synthetic Equity	Data for Schroders LDI was only provided for the year to 31 December 2023. Schroders have reported that the LDI team participated in more than 30 meetings with public bodies/market participants over 2023.	Schroders have stated its key area of focus is climate change, and oversight and alignment. During the year the team has discussed with banks how to align their loans or investments towards technologies that will grow quickly in a transition towards net zero emissions.

		The Scheme is comfortable that the manager is aligned with the Scheme's ESG stewardship focus, as the engagement priorities above shows a focus on climate change and reducing emissions.

Voting (for equity/multi asset funds only)

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 5 April 2024. The Trustee has adopted the managers' definition of significant votes and has not set stewardship priorities. The managers have provided examples of votes they deem to be significant, and we have shown the votes relating to the greatest exposure within the Scheme's investment. When requesting data annually, via their investment consultant, the Trustee informs their managers what they deem most significant.

Fund name	Voting summary	Examples of most significant votes	Commentary
Mercer – Diversified Growth Fund	Votable Proposals : 101,222 (This includes available proposals from all sub-finds that the fund is invested in). Proposals Voted : 96,869 (c. 96%) Votes For: 78,649 (c.78%) Votes Against: 16,904 (c.17%) Abstain votes : 607 (c.1%) Remaining 5% of votes are classified as No Action/Other.	Apple Inc. Mercer voted in favour of a proposal regarding Median Gender and Racial Pay Equality Report. A vote in favour was applied as the manager expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. The proposal did not pass with only 30.9% votes cast in favour. The Trustee considers this vote to be significant due to the holding weight in the underlying fund (5.5%) and its alignment to its Governance stewardship priority. Microsoft Corporation Mercer voted in favour of a proposal regarding Report on Siting in Countries of Significant Human Rights Concern.	Mercer regards voting to be an important fiduciary responsibility. It recognises that sub-investment managers may have more detailed knowledge of both the governance and operations of the investee companies and has therefore enabled sub-investment managers to vote based on their own proxy-voting execution policy. Mercer's Stewardship Policy outlines key focus areas for voting. This covers climate change and biodiversity & natural capital under 'Environmental', and Mercer have listed human right & labour practices as a key focus under both the 'Social' and 'Governance' umbrellas. Mercer's Stewardship Policy can be found here: Mercer ISE Stewardship Policy.pdf

		The manager supported this proposal, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries. The proposal did not pass with only 33% votes cast in favour. The Trustee considers this vote to be significant due to the holding weight in the underlying fund (7.9%) and its alignment to its Social stewardship priorities.	