The Mouchel Superannuation Fund ('Scheme') Implementation Statement

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Mouchel Superannuation Fund (the "Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

The SIP was amended once during the year ending 31 March 2021, and the changes made were predominantly for regulatory reasons relating to the Environmental, Social and Governance (ESG) aspects of investment, corporate governance and voting. This updated SIP came into force from 23 September 2020.

A copy of the current SIP signed and dated September 2020, can be found here:

SIP weblink to be added

This Implementation Statement covers the Scheme's year from 1 April 2020 to 31 March 2021 (the "Scheme Year"). It sets out:

- how, and the extent to which, in the opinion of the Trustee, the Trustee's policies on exercising rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments have been followed over the Scheme Year; and
- the voting behaviour by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of the services of a proxy voter.

The Trustee has considered the Pensions and Lifetime Savings Association' Implementation Statement Guidance when preparing this Implementation Statement.

2. Background to voting practices and procedures

The Trustee is responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first. In doing so, this ensures that it is appropriately familiar with the issues concerned. The Trustee also sets the investment strategy and general investment policy of the Scheme but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints, to professional Investment Managers. The Trustee, with advice from its advisers, appoints and monitors the Scheme's Investment Managers.

The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers where the Scheme's investments are pooled with other investors. Direct control of the voting rights and the process of engaging with the companies that issue these underlying securities, whether for corporate governance purposes or other financially material considerations, is delegated to those underlying Investment Managers.

The Trustee believes it is appropriate to delegate voting and engagement decisions to its Investment Managers in order to achieve an integrated and joined up approach to ESG factors, voting and engagement. The Scheme's investment managers have confirmed that they have signed up to collaborative investor engagement initiatives which also include the Climate Action 100+ initiative for certain managers. The Investment Managers consider ESG factors as part of the investment decisions being taken on behalf of the Trustee and the Trustee is satisfied that the Investment Managers can also take account of direct engagement or other factors relating to any voting or engagement and respond to these (as appropriate). The Trustee has therefore not sought to influence voting behaviours and does not intend to change its position at this time.

3. How and the extent to which, in the opinion of the Trustee, the Trustee's policies on exercising rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments have been followed over the Scheme Year

The Trustee's policy on exercising rights (including voting rights) attaching to the Scheme's investments is set out in full in the SIP. Broadly, the Trustee's policy is that, whilst it retains the use of voting (and other) rights attached to its mandates, the Investment Managers are responsible for exercising rights and voting on their underlying holdings. During the Scheme Year, the Investment Managers exercised their rights (including voting rights) attaching to the Scheme investments. On that basis, the Trustee is satisfied that its policy has been followed.

All the Investment Managers follow an appropriate ESG and stewardship policy when exercising their rights. On behalf of the Trustee, monitoring these policies was carried out through regular investment and operational due diligence reviews and meetings by the Trustee's investment adviser, with any important updates communicated to the Trustee over the Scheme Year. The Investment Managers have confirmed that throughout the year they have followed their ESG and stewardship policies when exercising their voting rights.

The Trustee's policy on undertaking engagement activities in respect of the Scheme's investments is set out in full in the SIP. Broadly, the Trustee's policy is that the Investment Managers are responsible for undertaking engagement activities, although the Trustee has noted its preference for the Investment Managers to engage with companies rather than boycott particular shares or companies. The Trustee also expects the Investment Managers to engage with issuers of debt or equity to improve their medium- to long -term performance. Examples of the Investment Managers' engagement activities are described later in this document. On that basis, the Trustee is satisfied that its policy has been followed.

The Trustee with the help of its investment adviser has also engaged with the Investment Managers directly on matters concerning issuers of debt or equity by monitoring the performance of the Investment Managers against their agreed performance objectives at each of the quarterly Trustee and Investment Committee meetings during the Scheme Year as well as holding review meetings with some of the Investment Managers.

More recently over 2021 (after the Scheme year-end) the Trustee has attended a training session covering ESG risks and their implications for the Scheme assets. Following this session, the Trustee completed an ESG beliefs survey focused on ascertaining views on ESG factors across a range of topics.

4. Trustee's conclusions on voting & engagement

The Scheme's asset allocation is split into two key components. The first component, Growth Asset, invest in a diversified range of return-seeking assets, including equity, multi-asset, return seeking credit and alternatives. The second component, Matching Assets (including Structured Equity), is focussed on risk management comprising gilts and derivative instruments (liability hedging and Structured Equity) alongside high quality credit strategies to match pension payments.

The Trustee has reviewed the voting and engagement activity undertaken by the Investment Managers. Most of the voting and engagement activity was in relation to the Scheme's Growth Assets, specifically equity mandates during the Scheme Year. Within the Matching Assets, engagement was less prevalent due to the nature of the underlying investments held limited or no opportunity to undertake such engagement. The key areas the Trustee notes from the voting and engagement activity across the Scheme's Investment Managers are set out below:

- Most managers were able to provide evidence of high levels of engagement activity.
- Where relevant managers demonstrated high levels of voting rights being acted on and sufficient challenge to management.
- Key areas of focus for managers over the Scheme Year included environmental issues and climate change in particular. Executive pay and board diversity were the other main themes identified.
- Within the credit mandates, there was particular focus on climate change related risks, including discussions with companies on their carbon emissions along their supply chain.
- Challenge to management was demonstrated through votes against management and each relevant underlying Investment Manager demonstrated very high levels of voting rights being acted on.
- In relation to the liability hedging and Structured Equity mandates, the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster those used when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors as well as ESG scores for counterparties are regularly monitored by the relevant underlying Investment Managers.

The Trustee is satisfied that the voting and engagement activity undertaken by the underlying Investment Managers are in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time. The Trustee will keep the position under review.

5. Growth Assets

5a. Description of voting behaviour on behalf of the Trustee during the Scheme Year

There were 10 managers in the portfolio as at 31 March 2021. However, only allocations which are at or above c.2.5% of Total Portfolio as at 31 March 2021 are considered in detail below:

Manager	Asset Class	Sub Asset Class	Fund	% of Total Portfolio
1	Equity	Global	M&G Global Dividend Fund	2.9%
2	Equity	Global	Morgan Stanley Global Brands Fund	4.9%
3	Multi-Asset	Dynamic Asset Allocation	PineBridge Global Dynamic Asset Allocation Fund	2.6%
4	Multi-Asset	Dynamic Asset Allocation	Threadneedle Dynamic Real Return Fund	5.2%
5	Property	Global Property	CB Richard Ellis Global Alpha Fund	3.0%
6	Alternatives	Insurance Linked Securities	Leadenhall Life Insurance Linked Investment Fund	4.9%

Details of voting statistics on the relevant mandates, where available is set out below:

Equity voting statistics	M&G Global Dividend Fund	Morgan Stanley Global Brands Fund	PineBridge Global Dynamic Asset Allocation Fund	Threadneedle Dynamic Real Return Fund
Total meetings eligible to vote	45	794	2921	358
Total resolutions eligible to vote	780	9495	33015	4659
% of resolutions did you vote on for which you were eligible?	100.0%	100.0%	98.5%	98.8%
% did vote with management?	88.0%	71.8%	89.2%	91.3%
% vote against management?	12.1%	28.2%	8.0%	6.3%
% abstained	1.0%	0.0%	0.9%	2.4%
% of meetings, for which you did vote, did you vote at least once against management?	73.0%	7.8%	0.4%	49.4%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	10.5%	0.3%	7.6%	n/A

Source: All data in this section has been provided by the relevant Investment Managers.

5b. Engagement examples and most significant votes cast

The Trustee has set out below what each of the Investment Managers identified above consider to be their significant votes and engagement activities.

Asset Class: Equity

Manager 1 - M&G Global Dividend Fund

St. James's Place Plc

- M&G **abstained** from voting on a resolution to re-elect Iain Cornish as Director.
- M&G did share its voting intentions with the Company prior to the vote. The rationale for the vote was due to concerns over remuneration and the dividend policy.
- This vote is considered significant as it is highly sensitive to stakeholders.

Novo Nordisk A/S

- M&G have voted **against** the resolution to amend guidelines for Incentive-Based Compensation for Executive Management and Board.
- M&G did not share its voting intentions with any parties internally or externally prior to the vote. The rationale for the vote was that they were against the policy of severance exceeding two years.
- This vote is considered significant as it is a vote concerning renumeration.

Manager 2 - Morgan Stanley Investment Management: Global Brand Fund

Reckitt Benckiser Group Plc

- MSIM have voted **against** the resolution to approve the remuneration report.
- MSIM did not share its voting intentions with any parties internally or externally prior to the vote. They voted against the management on the basis that there were concerns with the short-term and long-term performance metrics of the company.
- The resolution was passed though, MSIM will continue to engage on the topics.
- This vote is considered significant as it is a vote against the management.

RELX plc

- MSIM have voted **against** the resolution to increase the borrowing limit under the Company's Articles of Association.
- MSIM did not share its voting intentions with any parties internally or externally prior to the vote. They voted against the management on the basis that the increase to the borrowing powers is considered as excessive.
- The resolution was passed though, MSIM will continue to engage on the topics.
- This vote is considered significant as it is a vote against the management.

Multi-Assets – Dynamic Asset Allocation

Manager 3 - PineBridge Global Dynamic Asset Allocation Fund

The Boeing Company

- PineBridge have voted **against** the resolution to re-elect longtime directors Collins, Giambastiani, Schwab and Williams.
- The rationale for this vote is that this was warranted due to the board's failure to exercise sufficient oversight of management strategy and corporate culture.
- The outcome of this vote was that Collins and Schwab are both no longer on the board of directors while Williams and Giambastiani remain on the board.
- This vote is considered significant as it is a vote against the management on an important issue.

Azimut Holding SpA

- PineBridge have voted **against** the resolution to approve the Renumeration policy.
- The rationale for this vote is that the company failed to establish clear links between variable awards and the company's performance. Non-executive directors are participating in variable remuneration schemes. The level of pay for the CEO and/or other executive directors is excessive relative to peers, company performance, and/or market practice.
- The outcome of the vote is that in 2020 the remuneration report was again defeated; securing only 42.38% of approval from shareholders.
- This was a positive outcome as compensation was not aligned with performance. PineBridge would continue to monitor compensation recommendations that are out of line with performance.
- This vote is considered significant as it is a vote against the management on an important issue.

Engagement example which lead to a successful outcome over the last 12 months is included below:

- Environmental impact is a key investment risk. Companies that lack a strategy to keep improving and have a poor track record relative to peers are likely to suffer competitive disadvantages, and they could face significant penalties that put their businesses at risk as environmental policies become more stringent globally.

- PineBridge portfolio managers have engaged with a UK-based textile company to address the environmental impact of the textile and apparel industries, given the large amounts of water and energy used in textile manufacturing. The company is among the world's largest textile suppliers, with a relatively new CEO who is now focusing on the team's leadership to improve process efficiency. The company has embarked on a strategy to address these concerns by reducing waste and resource utilization through factory automation and supply-chain management that are unmatched by smaller peers. We believe further consolidation in the industry will lead to better resource utilization, and this company is likely to emerge as a key beneficiary through even greater scale and will improve its operating margins through higher efficiency, while reducing its environmental impact in this key industry.

Engagement example that did not work out as expected over the past 12 months is included below:

- PineBridge engaged with a large, highly innovative provider of computer vision technology based in Europe with respect to strategic decisions on governance.

- The company was already highly levered due to past acquisitions and proceeded to increase its leverage further through a decision to build a new manufacturing facility speculatively rather than to pay down debt as had been the expectation. Due to PineBridge's deep knowledge of this industry, they expressed their concern on the strategy to build rather than outsource the additional demand to contract manufacturers given the state of the company's balance sheet.

- Their concerns came true unfortunately due to order cancellations which meant that the new factory sat largely idle and the stock fell heavily over several quarters with the burden of debt and the uncertain demand outlook. PineBridge escalated their engagement by visiting the management team of the company in their offices in Europe, ensuring that they were joined on the visit by some of the company's largest shareholders so that their views were heard widely which would be expressed through shareholder votes against management. Rather that scaling back their capital expenditure plans, PineBridge were surprised that the management took the opposite route and announced a hostile take-over of another company. After almost a year of arduous engagement with the top management team, PineBridge had no choice but to exit the stock.

Other investor rights which have been exercised over 12 months period is included below:

- For equity investments, an ongoing forum between investors and management enables Pinebridge to have an impact on stewardship and ESG outcomes. Their first approach is to arrange further meetings with

management or, if this is difficult, with the company's advisors; in these meetings, Pinebridge seek to work collaboratively with management to improve outcomes.

- In India and Korea and parts of Asia, they make sure to be at the table when there is a significant issue by attending general meetings in person and vocalising our views to reach consensus with other investors and help to sway management. Annual general meetings (AGMs) provide them with an audience of not just the executives running the company, but the entire board of directors; in this way, if their view, suggestion, or idea is noteworthy, it could be implemented quite rapidly even if the executives have reservations. AGMs are attended by shareholders who really care about the company and thus provide an ideal platform to make their views public.

Manager 4 - Columbia Threadneedle Investments Dynamic Real Return Fund

Rio Tinto

- Threadneedle team has engaged with the company on its corporate governance and social risk management aspect over last 12 months;
- The team felt Rio Tinto's destruction of Juukan Gorge in Australia raised many questions around the company's conduct, governance mechanisms and management of relationships with local communities and traditional owners.
- The team led virtual meetings with the company's chairman and Investor Relations Team during the second half of 2020, attended by representatives from multiple investment desks. They have learnt that there have been multiple process changes following the destruction of Juukan Gorge, with more to come over the longer-term. Efforts are focused on reviewing sites and agreements in place with the traditional owner groups. The site-specific risk register has been made more dynamic and institutional memory more robust. An internal employee review is ongoing and a programme is in place to ensure risks around culture are perceived to be as important as risks around health and safety.
- Threadneedle will continue to monitor the situation and review periodically.

Uber Technologies, inc

- Threadneedle team has engaged with the company on its ESG risk management.
- The team assessed the company on ESG risk and deemed it was material, given impending California legislation on employee classification threatened to upend the company's business model.
- The team organised and led four video conferences alongside fundamental analysts and portfolio managers with company management, plus the chair of the board of directors, each with a different primary focus and objective. The team has learnt that Uber has recently placed considerable effort around initiatives and programs to manage and measure ESG risk, which will reduce the company's overall risk profile and may contribute to multiple expansion over time. Interest in investor feedback is high, as is sincerity in improving outcomes for employees and society.
- Threadneedle concluded the engagements with increased comfort in the company's prospects and business model, and the board's commitment to continue enhancements to ESG initiatives and executive compensation.

Alternatives

The alternative nature of these funds means investments tend not to be publicly listed and as such voting is not relevant. As such, no significant votes have been provided by the below managers.

Manager 5 – CBRE Global Alpha Fund

In Q1 2021, CBRE engaged with all the underlying fund managers and operating partners of the Global Alpha Fund. CBRE approached the underlying fund managers for details on their approach to ESG matters through a due diligence questionnaire. This data was collated at both the manager and fund level.

- The outputs from the questionnaire were then used within their ESG Assessment Framework alongside a review of the manager's Global ESG Benchmark for Real Assets (GRESB) and Principles for Responsible Investment ("PRI") reports.
- This Framework and approach provided a comprehensive assessment of the manager's ESG strategy, performance and improvement ambitions. Results of this assessment were then compared with the Firm's ESG maturity matrix to identify future ESG risks and opportunities and to develop a targeted engagement strategy for each investment.
- During the past year, CBRE has also encouraged all underlying managers to respond to the new GRESB Resilience Module and utilize the new Carbon Risk Real Estate Monitor ("CRREM") tool, both of which will help them evaluate the extent to which underlying managers are responding to climate change related risks.

Property fund manager A

- CBRE engaged with the Fund Manager, the CEO and the executive Chairman. Initially they required minimum building certification ratings for all existing assets and new developments. CBRE encouraged them to adopt third party tools for benchmarking and to make use of ESG consultants. More recently, they have worked with them on the establishment of net zero carbon targets and the preparation of a roadmap to achieve this by 2025.
- As a result of their engagement, CBRE have seen the adoption by the manager of significant ESG tools, an improvement to their investment processes and better reporting on ESG. Further improvements include a review of their business operations and employee engagement, targets being set for carbon neutrality (to be finalised soon) and an increased focus on climate change and resilience. Every investment assumes the retrofitting of sustainability initiatives and capital upgrades to improve the asset's environmental performance. The outcome has a wide social and environmental benefit as well as helping to preserve the financial value of the assets under management.
- CBRE are encouraging the manager to build on their work to date and implement their comprehensive action plan, which includes both suppliers and tenants, to have additional impact.

Manager 6 - Leadenhall Life Insurance Linked Investment Fund

Leadenhall's ESG process is embedded in the Investment Adviser's structuring and measurement of risk. As part of this, Leadenhall engage counterparties in discussions around climate change research and measurement, as well as engage in dialogue on social factors and governance. This has evolved over the last 12 months and between research and discussions with counterparties they have more information on risk for our Portfolio Managers to use in making decisions.

Two examples of counter parties Leadenhall have dealt with on ESG was an Australian distributor of life insurance products and a German hybrid insurer/reinsurers. Leadenhall have also included an example of how they have used their due diligence process to highlight governance issue for some Non-Life counterparties. They are reviewed with regards to the strength of their ESG support by each pillar as follows:

Environmental

The main environmental issues with which Leadenhall were concerned, covered how the respective entities impact the environment. In the case of the distributor, as they lack an investment portfolio, this focused on the specifics of their physical operations, with a reduction of commuting and business travel a demonstrable goal. Given the COVID crisis, the

distributor had implemented a broader work from process and already had a digital/phone based marketing approach minimising business travel.

The German insurer/reinsurer has an exceptional focus on environmental issues and its parent group majority investor is a signatory to the UN PRI. Leadenhall are comfortable that their investment screening process removes the risk of investments that they may make falling afoul of our environmental goals. They also have an active disclosure of the carbon footprint in their financials and extensive section of their website describing their underwriting and investment policies with regard to sustainability. All of this was shared during the due diligence process.

As noted in prior submissions Leadenhall also continue their participation and sponsorship of the Climate Measurement Standard Initiative in Australia (CMSI). CMSI is an industry-led collaboration between insurers, banks, scientists, regulators, reporting standard professionals, service providers and supporting parties in a first step to provide a common understanding regarding future damage to residential and commercial properties by climate-related phenomena.

Social

Insurance is generally perceived as having a beneficial impact on society, by facilitating industries to operate and providing much needed aid in times of catastrophe.

Non-Life ILS investments is generally viewed as socially beneficial services as it provides financial resources needed to remedy or to contain the impact of a major insurance event. Life insurance in general is a socially beneficial service and in the case of the specific business which Leadenhall were supporting, it promotes the financial stability of families and dependents.

Additionally, Leadenhall reviewed the human resource practices particularly concerning employee development and turnover. They queried and review both parties turnover and training polices and both invest heavily in people resources with training officers and important part of employee development maintain high employee retentions as a result (<20% turnover per annum).

Leadenhall also reviewed the corporate volunteering commitment to establish that such was part of their corporate culture. In the case of the German insurer/reinsurer this also related to their high degree of commitment to the arts and culture. Leadenhall further reviewed their complaint process and use of Net Promoter Score to ensure high quality customer service.

Governance

Insurance is a highly regulated business and Leadenhall reviewed both parties' regulatory frameworks for both prudential and behavioural oversight. The distributor is regulated for behaviour but not prudential oversight and in this case had minimal regulatory findings under their last regulatory audit which was shared with Leadenhall. Similarly, the insurer also discussed the findings under both regimes and shared its regulatory findings.

In the last few years, Leadenhall have seen some issues with governance within a few Floridian counterparties. In 2017, Hurricane Irma made landfall in Florida as a Category 4 hurricane. From due diligences that Leadenhall conducted Leadenhall identified 3 Floridian insurance companies with poor governance practices, especially in their claims handling, loss development and additional loss adjusting expenses (ALAE). After the review Leadenhall declined to participate in investments linked to these counterparties and they have highlighted that until there are significant changes in their governance, they will not be participating in investments linked to their reinsurance programmes.

5c. Use of proxy voters

Manager	Used a proxy voter in the Scheme Year?
1	Yes
2	Yes
3	Yes
4	Yes
5	No
6	No

Additional information on proxy voters

Manager 1 – M&G Global Dividend Fund

M&G utilises the research services of ISS and IVIS. Their voting is instructed through the ISS voting platform, ProxyExchange. They use the ISS custom service to flag resolutions that may not meet our policy guidelines. Voting decisions are taken by the Sustainability and Stewardship at M&G often in consultation with Fund Managers. Some routine resolutions are voted by ISS on their behalf when clear criteria have not been met.

Manager 2 - Morgan Stanley Investment Management: Global Brand Fund

Morgan Stanley Investment Management ("MSIM") has retained ISS to analyse proxy issues and to make vote recommendations on those issues. While MSIM review the recommendations of ISS in making proxy voting decisions, they are in no way obligated to follow such recommendations. MSIM votes all proxies based on its own proxy voting policies in the best interests of each client. In addition to research, ISS provides vote execution, reporting, and recordkeeping services to MSIM.

Manager 3 - PineBridge Global Dynamic Asset Allocation Fund

PineBridge utilizes ISS to consult on and administer their proxy voting process. As climate change is a firmwide priority, they have retained ISS's customized climate service, one of the first dozen firms to do so. This service helps to identify portfolio holdings where the current state of being for one of their investments is not at an acceptable level, and where management does not appear committed to an improved path, along with material disclosures that can be tracked to help them evaluate these situations. This is one of the many ways they ensure that they are actively engaging with portfolio holdings that may not be measuring up to the original investment thesis.

Manager 4 - Columbia Threadneedle Investments Dynamic Real Return Fund

Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and our proxy voting practices are implemented through their Proxy Voting Policy. For those proposals not covered by the Principles, or those proposals set to be considered on a case by case basis (i.e., mergers and acquisitions, share issuances, proxy contests, etc.), the analyst covering the company or the portfolio manager that owns the company will make the voting decision. Threadneedle utilise the proxy voting research of ISS and Glass Lewis & Co., which is made available to their investment professionals, and their research team will also consult on many voting decisions.

The administration of their proxy voting process is handled by a central point of administration at the firm (the Global Proxy Team). Among other duties, the Global Proxy Team coordinates with their third-party proxy voting and research providers.

In voting proxies on behalf of their clients, they vote in consideration of all relevant factors to support the best economic outcome in the long-run. Their voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

6. Matching and Structured Equity Assets

6a. Description of voting behaviour on behalf of the Trustee during the Scheme Year

Manager	Asset Class	Manager	% of Total Portfolio
1	LDI and Structured Equity	BMO Global Asset Management	62.5%
2	Buy and Maintain Bonds	Insight Investments	11.5%

6b. Engagement examples and most significant votes cast

Due to the nature of the below funds, voting is not relevant hence no significant votes have been provided by the managers.

Manager 1 - BMO Global Asset Management portfolios

BMO portfolios are very different to traditional equity or bond portfolios and so their engagement programme primarily focuses on trading counterparties and clearing members. This engagement work is structured both in terms of prioritisation (both in terms of companies to whom they have the greatest exposure and to companies whom they feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones.

BMO identifies specific objectives for their engagement with investee companies. They record specific outcomes where objectives are achieved as "milestones". They report these to clients. Each milestone is rated on a three-star scale related to the extent to which BMO assesses it to protect and enhance investor value.

Engagement themes and relevant examples are:

- Climate Change – BMO engaged with HSBC Holdings Plc on their commitment to align their entire financing portfolio to the goals of the Paris Agreement, and to report on progress. This demonstrates clear climate leadership.
- Corporate Governance – BMO engaged with JP Morgan Chase & Co. to address the departure of a long-standing board member, allaying concerns with excessive tenure and overall appropriateness for the role given previous role as Exxon CEO.
- Labour standards – BMO engaged with Lloyds Banking Group Plc. to encourage them to commit to halve carbon emissions linked to financing activities.

Manager 2 – Insight Buy & Maintain Bond Fund 2021-2025

Insight, as a global asset manager, believe that they must take a proactive role in ensuring the long-term sustainability of the markets – this is in their clients' long-term interests, as well as that of wider society. Long-term initiatives include:

- Active engagement with other industry members to ensure their clients' rights and considerations are fully represented, including:
    - Joining the Net Zero Asset Managers initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gasses. As an organisation, this means they are specifically committing to:
        - As an organisation they are committed to working in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management.
        - Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.
            - Supporting the acceleration of action, signatories will submit an interim target, within a year of joining the initiative, for the proportion of assets to be managed in line with reaching net zero emissions by 2050 or sooner.

        - Review their interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.
    - Joining the Working Group on Sterling Risk-Free Rates.
    - Participation in climate change related collaborative engagements as an active member of the Climate Action 100+ initiative.
    - Collaboration with peers on a range of issues, such as credit risk and ratings with the PRI initiative.
    - Encouraging issuers to submit their carbon emissions to CDP initiative.
- Development of new sources of repo liquidity - a key issue for pension funds seeking to manage risk efficiently and effectively.
- Challenging the pressure on derivatives users, including pension funds, to post only cash as variation margin on their derivatives transactions - a key issue for pension funds seeking to manage risk effectively over the long term.
- Supported the transition to a low carbon economy by investing in 43 green bonds, and encouraging banks to consider green bond issuance, and through our Advisory Council role with the Green and Social Bond Principles.

Most significant company engagements

ENEL

As part of the CA100+ initiative, Insight continue to encourage Enel to establish measures to mitigate climate risk and adapt the business for a low carbon economy. Collectively, with the other investors, a letter has been sent to the Chair addressing four key areas; disclosure and investor communications, climate competence of the Board, management incentives, and improvement in scenario analysis. ENEL has been responsive and a follow up call with the Chair has been scheduled so Enel's team can present solutions and future plans to improve on the areas addressed.

VOLKSWAGEN

Volkswagen (VW) was a UN Global Compact violator, caused by the Diesel-Emission scandal. Nevertheless, it has been recently relisted as a participant to the UNGC following the successful completion of the monitorship overseen by the US Department of Justice. As a result, MSCI has upgraded VW's ESG rating from CCC to B, subsequently stripping its 'worst-in-class' title and exiting most exclusions list.

Insight has been in close contact with VW and has been monitoring the numerous steps the company has taken to improve product quality, governance and corporate structure. The Insight ESG rating remains a 5, expressing our conservative stance, with still some work to be done on the governance front. However, the positive trajectory and significant improvements play an important role in their ESG view of VW.

Insight engaged with VW during the company's ESG roadshow. The meeting was extremely thorough with the discussion covering a broad array of ESG topics. VW's EV strategy is very coherent, entailing a holistic approach although they need to monitor the company's track record. VW plans to spend €73bn on e-mobility in the 2021-2025 period; this includes EV development, tooling, car software systems etc.

Volkswagen's whistle-blower procedure and separation of teams for sign off of projects and software's are steps in the right direction. The Dieselgate issue is now backward looking but cash payments remain hefty (€2.5bn). On the Governance aspect, KPIs for executive pay are being introduced from this year and their corporate strategy incorporate the monitoring of the company's ESG ratings. VW gave sound qualitative explanations, but Insight would have liked to be provided with more precise data like specific targets, audit process etc.

The engagement confirmed that VW is making genuine efforts towards improving their ESG profile. Overall, it was a positive engagement which left Insight's analysts confident that VW are on the right trajectory. Nevertheless, they need more concrete evidence to see that things have changed materially.

6c. Use of proxy voters

Manager	Used a proxy voter in the Scheme Year?
1	No
2	No