Implementation Statement, covering 1 April 2021 to 31 March 2022

The Trustees of the F&C Asset Management Pension Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the year. The last time these policies were formally reviewed was March 2022.

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took steps to review the Plan's existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

The Trustees rely on their investment managers to use votes constructively and, where practicable, to vote shares on a worldwide basis, utilising their managers' corporate engagement services for equity and corporate bond holdings and, where applicable, proxy voting services. The Trustees believe, in their opinion, that the Plan's investment managers have met their responsibilities over the year.

While the Trustees do not direct how votes are exercised, the investment managers are aware of the Trustees' voting policies and that the Trustees may consider remedial action and / or replacing the investment manager if they are not compliant with these policies.

The Trustees also rely on their investment managers to take social, ethical and environmental considerations into account to the extent they believe that these factors impact on financial performance.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In September 2021, the Trustees signed the 2021 Global Investor Statement to Governments on the Climate Crisis. This demonstrated the Trustees' support for stronger government action to address climate change, helping to mitigate the long-term systemic risks to the financial system and hence members' pension benefits.

The Trustees consider corporate governance to be an important element in seeking to maximise shareholder value and believe that investment managers should take account of financially material ESG considerations (including climate change and other ESG considerations) as appropriate. As set out in the SIP, the Trustees note that although they have limited influence over managers' investment practices where assets are held in pooled funds they do encourage managers to improve their practices where appropriate. As part of this, the Trustees monitor whether and what responsible investment initiatives the Plan's investment managers have signed up to and as part of this reviewed if the Plan's investment managers had also signed up to the Global Investor Statement this year (for example). The Trustees note that they will consider contacting the Plan's managers that have not signed up to the Global Investor Statement (for example) to better understand why they haven't and to potentially request that they sign up to this statement if appropriate.

In March 2022, the Trustees reviewed LCP's RI scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022. No red flags were raised and the Plan's investment managers scored strongly. The Trustees were satisfied with the results of their review and no further action was taken. If there were issues identified in the review, the Trustees would consider taking remedial action and / or replacing the investment manager.

The Trustees also monitor LCP's RI scores for the Plan's existing funds as part of the quarterly performance monitoring reports.

3. Description of voting behaviour during the year

The Trustees have delegated to their investment managers the exercise of any voting rights. Therefore the Trustees do not direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year. Over the year, one of the Plan's investment managers, BMO, utilised proxy voting services (Institutional Shareholder Services).

The Trustees have a manager review schedule in which they discuss and question each of their investment managers annually on a number of matters, including voting, engagement and ESG considerations.

Whilst the PLSA's guidance requires Schemes to focus primarily on listed public equity holdings (in which the Plan doesn't hold any funds), it also recognises that voting opportunities may arise in other asset classes beyond public equities. In these instances, the PLSA recommends that the Trustees ask their managers - at a minimum - for narrative information and explanation from the relevant managers.

The Trustees have therefore contacted all of the Plan's asset managers to ask if any of the assets held by the Plan had voting opportunities over the period. Commentary provided from these managers is set out below:

- BMO confirmed there were no voting opportunities throughout the period with regards to the LDI and Global Low Duration Credit portfolios.
- BMO confirmed that the Aurora, Castle Mount LP and European Capital Partners II LP funds hold listed equity holdings. BMO confirmed that no voting rights or similar were exercised for each of the funds and that there had been no significant votes over the year. BMO provided the following information regarding its voting policy on these funds:

  "To ensure tax status we are a silent partner on these investments. We… liaise with the general partners for these investments to receive progress updates on these investments but our involvement with the operation of these underlying companies is limited. We are not involved in the day to day running of the [companies]. We exert influence through the [general partners]."
- BMO confirmed the Private Equity Trust PLC has two relatively small listed holdings. BMO confirmed that its responsible investment team voted on the resolutions at those companies in accordance with the guidance of Institutional Shareholder Services (ISS). BMO stated that the remainder of the holdings in the Trust are non-listed.
- Barings confirmed there was one equity holding in the Global Private Loan Fund II. Barings stated that it only votes on items related to debt facilities. Barings confirmed there had been no significant votes over the year. Barings provided the following information regarding its process for voting:

  "Should voting opportunities arise, any voting decisions would be made in line with established investment management structures and decision-making responsibilities for the fund."
- Permira provided the following information regarding voting opportunities and its voting process for the Credit Solutions III Senior GBP L.P. Fund:

  "*As a general matter, in cases where [Permira Credit Solutions (PCS) funds] do hold board seats, these are predominantly board observer seats as opposed to formal board seats with voting rights.*

  The main exception to the above are cases in which the asset has been restructured and PCS funds have taken equity ownership. This is the case with … an asset [in the Credit Solutions III Fund] that underwent a restructuring in 2020."

  Permira confirmed they do not classify their votes over the year to 31 March 2022 in this one case as significant.