

Implementation Statement, covering the Plan Year from 1 April 2023 to 31 March 2024

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 Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan 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.

In preparing the Statement, the Trustees have had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Plan Year, in February 2024, to reflect the fact that the Trustees have selected priority ESG themes to provide a focus for their monitoring of investment managers’ voting and engagement activities. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Plan’s voting and engagement policies during the Plan Year.

2. Voting and engagement

The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are outlined below:

- **Barings:** [Investment policies \(barings.com\)](https://www.bairdinvestments.com/~/media/Barings/Investment%20Policies/Investment%20Policies%20-%20Barings.pdf)
- **CTI:** [Responsible Investment - Proxy voting policy.pdf \(columbiathreadneedle.com\)](https://www.cti.com/~/media/CTI/Responsible%20Investment/Responsible%20Investment%20-%20Proxy%20voting%20policy.pdf)
- **Permira:** [Permira voting rights policy summary - \(permira.com\)](https://www.permira.com/~/media/Permira/Investment%20Policies/Investment%20Policies%20-%20Permira.pdf)

Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year. However, the Trustees take ownership of the Plan’s stewardship by monitoring and engaging with managers as detailed below.

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 replacing the investment manager if they are not compliant with these policies. The Trustees take ownership of the Plan’s stewardship by monitoring and engaging with managers as detailed below.

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, Lane Clark and Peacock (“LCP”), incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific Environmental, Social and Governance (“ESG”) factors. At the Trustees’ meeting on 8 December 2022, the Trustees discussed and agreed stewardship priorities for the Plan which were: Climate Change and Corporate Transparency. These priorities were selected as Climate Change was considered as one of the most important potential risks. Corporate Transparency was also an important priority where the ISC can influence managers the most.

The Trustees communicated these priorities to their managers in March 2023. All the Plan’s investment managers acknowledged and confirmed that these priorities are taken into account in their ongoing stewardship and engagement activities with investee companies.

The Trustees regularly invite the Plan's investment managers to present at the Trustees' meetings, seeing each manager approximately once a year. The Trustees ask questions about voting and engagement practices and continue to be satisfied with the answers they receive.

The Trustees also monitor LCP's Responsible Investment scores for the Plan's existing funds as part of the quarterly performance monitoring reports. All of the Plan's investment managers scored well, or to an acceptable standard. The Trustees are satisfied with the scores and no further action has been taken.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Plan Year

The Trustees have delegated to their investment managers the exercise of any voting rights, relying on the voting policies which its managers have in place. The Trustees reviewed these policies in February 2024, focusing on the elements which relate to their stewardship priorities, and are comfortable that the policies are aligned with the Trustees' views. The Trustees do not direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

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 Pensions and Lifetime Savings Association ("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.

Although the Trustees do not hold any equity holding, we have 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:

- CTI confirmed there were no voting opportunities for any aspect of the portfolios, with regards to the Liability Driven Investment, Global Low Duration Credit and private equity (The Aurora Fund LP, Castle Mount LP and F&C European Capital Partners II LP fund) portfolios.
- Barings stated that it only votes on items related to debt facilities. 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:

"Due to the nature of the asset class (direct lending), the Permira Credit Solutions ("PCS") funds do not typically hold board seats or voting rights in portfolio companies. In cases where the 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 the PCS funds have taken equity ownership. However, in the context of the PLSA guidance, the funds do not hold any listed equities, and there has been no significant voting activity undertaken by PCS3 in the period 1 April 2023 to 31 March 2024".