Scottish & Newcastle Pension Plan Implementation Report

February 2024

isio.

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Background and Implementation Statement

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 Plan continues to follow and act on the principles outlined in the Statement of Investment Principles ('SIP').

Over the Plan year to 31 October 2023, the SIP was updated in March 2023 and the changes made are detailed on the following pages. The most up-to-date version of the SIP can be accessed here.

The Implementation Report details:

- actions the Trustee 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 Trustee 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 which they invest; and
- voting behaviour covering the reporting year up to 31 October 2023 for and on behalf of the Plan, including the most significant votes cast by the Plan or on its behalf.

Summary of key actions undertaken over the Plan's reporting year

- During the Gilt market volatility in late 2022, the Trustee decided to partially redeem some mandates in order to top up the liability-driven investment mandate and ensure it was supported by a sufficient collateral pool.
- The Plan repaid a short-term loan from the Sponsor that facilitated the strengthening of the collateral position in the liability-driven investment mandate whilst additional collateral was sourced from a less liquid mandate.
- The investment guidelines for the Corporate Bond mandate were suspended (issuer concentration and ESG) in late 2022 in order to allow the Trustee to redeem more liquid bonds to support the liability-driven investment collateral pool. These were reinstated in early 2023 and the portfolio was brought back into line with the guidelines using inflows designed to rebalance the allocation.
- The Trustee reviewed the asset allocation of the Plan's assets in early 2023 and updated the Plan's investment strategy to reflect the reality of the allocation at that time; it was not feasible to rebalance the Private Markets allocations, which had grown as a percentage of Plan assets as the overall level of Plan assets had fallen. As a result, the Plan's assets were brought into line

with the control ranges stated in the SIP. The Plan's expected return was updated at the same time and for the same reason.

- The Trustee reviewed its cashflow strategy in mid-2022 and the CQS mandate was switched to a distributing share class during the last twelve months so that periodic distributions could be used to meet the Plan's cashflow needs.
- Insight implemented an updated liability benchmark and the hedge ratios increased to 100% on the Gilts + 1.0% basis. This was carried out to manage interest rate and inflation risk in the Plan's liabilities.
- The Trustee updated its policies in the SIP on engaging with investment managers, direct assets and others about relevant matters, including how that was to be achieved.

Implementation Statement

This report demonstrates that the Trustee of the Scottish & Newcastle Pension Plan has adhered to its investment principles and its policies for managing financially material considerations, including ESG factors and climate change.

Signed	Jane Scriven
Position	Chair of Trustee
Date	March 2024

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions
Solvency and mismatching	The change in the value of the assets over time does not keep pace with changes in the value of the liabilities.	The Trustee has developed a suitable long-term investment strategy and assesses the progress of the actual growth of the liabilities relative to the selected investment policy.	The Trustee maintains a segregated LDI portfolio to provide a bespoke interest and inflation hedge that accurately reflects the Plan's liabilities. The LDI mandate is regularly reviewed to capture changes in the Plan's liability profile, with the next review due to be carried out following the conclusion of the 2024 actuarial valuation. Over the reporting year, the Trustee implemented an updated liability benchmark and the hedge ratios increased to 100% on the Gilts + 1.0% basis.
Manager	The Plan's investment managers underperform their performance targets.	The Investment Committee receives quarterly investment performance reporting from their investment advisors to assess how the Plan's investment managers are performing relative to their objectives.	The Trustee made no changes to investment mandates over the twelve months to 31 October 2023 following underperformance of targets.
Liquidity	The Plan is unable to raise cash when it needs to without incurring excessive costs.	The Plan's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.	The Trustee invests across a wide range of asset classes and managers. A significant proportion of the Plan's assets deal on a daily basis and can be liquidated at short notice should cash be required. Over the reporting period, The Trustee switched the CQS mandate to a distributing share class to support this.

Custodian	A custodian defaults or fails in its safekeeping of the Plan's assets leading to a financial loss for the Plan.	The investment managers of the pooled funds in which the Plan invests hold most responsibility. The Investment Committee also monitor the Plan's custodian's activities.	The Trustee received regular statements from the Plan's custodian. Asset values were sense checked monthly against records issued by investment managers. Over the reporting year, the Trustee reviewed the services and fee provided by the Plan's custodian.
Concentration	Over-exposure to the performance of a single asset which suffers losses relative to the Plan's liabilities.	The Trustee ensures diversification within and across portfolios. The Investment Committee undertakes regular reviews of the actual split of the pooled investments held, regular assessment of the underlying split of the various pooled funds and the resulting asset split at the total Plan level.	The Trustee reviewed the pooled investments held by the plan on a quarterly basis. The Trustee reviewed and updated the asset allocation and control ranges in the SIP in early 2023. The Plan's assets were brought back into line with the target as a result.
Collateral	The Plan, or funds within which the Plan invests, fail to meet obligations to provide collateral on derivative transactions.	This is managed by the individual managers where posting of collateral is required. The Investment Committee also monitors the collateral adequacy within the LDI portfolio on a quarterly basis via the reports provided by the Plan's investment adviser.	The collateral adequacy of the assets held in the LDI portfolio was monitored by the investment manager on a regular basis. The Trustee commenced a review of the collateral position of the liability-driven investment mandate during the reporting period and has now finalised it. This ensures that there is sufficient liquidity to support the liability-driven investment portfolio in line with the regulatory guidance.
Counterparty	The Plan suffers a financial loss as a result of the failure of a counterparty to meet its obligations to the Plan (or to a fund in which the Plan invests).	The Trustee requires the provision of collateral on a daily basis where possible and uses a number of counterparties to limit the exposures to individual organisations.	The credit-worthiness of the counterparties is monitored by the Plan's managers and the decision to terminate exposure to a counterparty is the responsibility of the manager.
Currency	The Plan suffers a financial loss through exposure to currencies other than sterling.	Overseas assets are diversified across a range of currencies. The developed overseas equity market exposure and fixed income holdings have been fully currency hedged.	The hedging on the synthetic equity exposure was maintained over the twelve months to 31 October 2023. This was achieved using the currency exposure of a proxy index after the mandate switched to an equity index with enhanced ESG characteristics.

Interest rate and inflation	The Plan suffers a financial loss through exposure to interest rate and inflation risks on its liabilities or through exposure to interest rate and inflation risks on its assets which differ from those on the liabilities.	The Trustee uses LDI to hedge a portion of the interest rate and inflation exposure, reducing the risk as far as practically possible.	The Trustee maintains a segregated LDI portfolio to provide a bespoke interest rate and inflation hedge that accurately reflects the Plan's liabilities to reduce this risk. The LDI mandate is regularly reviewed to capture changes in the Plan's liability profile, with the next review due to be carried out following the conclusion of the 2024 actuarial valuation. Over the reporting year, the Trustee implemented an updated liability benchmark and the hedge ratios increased to 100% on the Gilts + 1.0% basis.
Credit	Default on payments by issuers of corporate bonds and other debt assets which the Plan holds or through reductions in the market values of those assets.	To diversify this risk by investing in a range of credit opportunities. The Trustee appoints investment managers who actively manage this risk and avoid defaults.	The Plan committed to the BlackRock Diversified Private Debt Fund in May 2021. Commitments continue to be drawn and invested in assets diversified across asset class and sector.
Equity	The Plan suffers financial loss through exposure to equity market assets.	The Trustee diversifies the Plan's investments across a number of alternative assets to reduce the reliance on equity markets. Regional diversification is used to reduce exposure to equity market falls in any particular region.	The Plan maintains an allocation managed by Insight that accesses equity exposure synthetically; this is diversified by region.
Property	The Plan suffers financial loss through exposure to property market assets.	The Trustee invests in low-risk property investments with long-term secure tenants and rental streams.	The Plan maintains an allocation to the Abrdn Long Lease Property Fund, which invests in low-risk property investments with long-term secure tenants and rental streams.
Sponsor	The Company is unable to meet the current and potential future contribution requirements of the Plan.	The interaction between the Plan and the Company is assessed and measured by a number of factors, including the credit-worthiness of the Company and the size of the pension liability relative to a number of metrics reflecting the financial strength of the Company.	The Trustee monitored the credit-worthiness of the Company on a quarterly basis.

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 Plan'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. Implementation of ESG factors in the 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 The Trustee monitors the managers on an ongoing basis.	ESG actions undertaken: • The Trustee has reviewed and updated the ESG policy, climate delegation framework and risk register to ensure that they remain appropriate. • The managers' ESG policies were reviewed and presented to the Investment Committee in an Impact Assessment report. • This also contained detailed results of Isio's engagements with investment managers. • The Trustee gathered climate metrics and carried out mortality / covenant analyses as part of preparing the Plan's Task Force for Climate-related Disclosures report. More details of the ESG policy and how it was implemented are presented later in this report.
Stewardship	The Plan's investments lose value over the long term due to poor stewardship of the underlying investments.	The voting rights and engagement with underlying investments are delegated to the Plan's investment managers and monitored by the Trustee.	The Plan does not have equity voting rights as equity exposure is held synthetically. The Impact Assessment (delivered to the Investment Committee by the Plan's investment advisor) set out how the investment managers engage with underlying investments and described how the Plan's investment advisor had engaged on the Trustee's behalf to encourage best practice in this area. Over the reporting year, the Trustee updated the SIP with further policies around stewardship.

Changes to the SIP

The Trustee updated the Plan's SIP in March 2023. The most significant updates included the following.

The Trustee updated its policies in the SIP on engaging with investment managers, direct assets and others about relevant matters. The Trustee's additional policy is as follows.

- The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually.

The Trustee added policies into the SIP on how this is to be achieved as follows.

- The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Plan's investment managers on its behalf.
- The Trustee, via its investment advisers, will engage with managers about 'relevant matters' at least annually
- Example stewardship activities that the Trustee has considered are listed below:
    - Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities
    - Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the engagement activity of its asset managers. The results of this analysis feeds into the Trustee's investment decision making
    - Collaborative investor initiatives – the Trustee will consider joining/ supporting collaborative investor initiatives

The Trustee updated the Plan's investment strategy to reflect the reality of the allocation at that time; it was not feasible to rebalance the Private Markets allocations, which had grown as a percentage of Plan assets as the overall level of Plan assets had fallen. As a result the Plan's assets were brought into line with the control ranges stated in the SIP. The Plan's expected return was updated at the same time and for the same reason.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regard to ESG as a financially material risk. This page details how the Plan's ESG policy is implemented, while page 11 outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Plan's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity. Further details on how the Trustee's beliefs are implemented can be found in the ESG policy; the latest version of the policy was last reviewed in March 2023 and will be reviewed over the twelve months to 31 October 2024.

The below table outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intends to review the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of voting rights	• The Plan's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Investment Committee receives information from their investment advisers on the investment managers' approaches to engagement. • The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters at least annually. • The Trustee is provided with an Impact Assessment detailing the managers' ESG policies as well as a summary of actions Isio has engaged with managers on. This helps to manage the Plan exposure to risks relating to Environmental, Social or Governance factors.	• The manager has not acted in accordance with their policies and frameworks. • The manager's policies are not in line with the Trustee's policies in this area.

The Trustee's ESG Beliefs

The Investment Committee, on behalf of the Trustee, has considered and discussed ESG to establish its ESG beliefs to help underpin Trustee decision making. The Trustee's ESG Beliefs are set out in a separate ESG policy document

The following areas represent a consensus of ESG beliefs held by the Trustee. These have been grouped into the main areas of ESG focus by the Trustee.

Approach / Framework	1. The Trustee wants to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.
Risk Management	2. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee. 3. The Trustee believes that ESG integration can lead to better risk-adjusted outcomes. 4. The Trustee will consider the ESG values and priority areas of the stakeholders and sponsor. 5. The Trustee recognises that climate change risk poses significant investment risk that could become incrementally more severe over time.
Voting & Engagement	6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG issues. 7. The Trustee wants to understand the impact of voting and engagement activity within their investment mandates. 8. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance.
Reporting & Monitoring	9. ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop their knowledge. 10. The Trustee will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Collaboration	11. Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI, TCFD and Stewardship Code.

The ESG policy was last reviewed in September 2023. At this review, the Trustee decided to incorporate the target they set in relation to carbon footprint data quality as part of TCFD reporting:

- The Trustee has agreed a target to increase carbon footprint data coverage to 75% of total portfolio by 30 June 2024, from a baseline of 66% as at 30 June 2022. This reflects industry wide issues with carbon metrics' data quality. Once this target has been met and the Trustee is comfortable with the quality of the data, the Trustee plans on adopting a more impactful climate target, such as a decarbonisation target, that will feed into all strategic decisions.

Impact Assessment and engagement with the investment managers

Over the twelve months to 31 October 2023, Isio conducted due diligence on the ESG processes of the Plan's investment managers. The results were reported back to the Investment Committee in the form of an Impact Assessment during June 2023.

The due diligence was conducted in line with the Trustee's ESG beliefs and Isio gave each manager a total ESG rating and rated them in each of the following areas:

- Investment Approach
- Risk Management
- Voting and Engagement
- Reporting
- Collaboration

Isio also advised the Trustee on the potential engagement points and engaged on the Trustee's behalf with the investment managers.

A summary of proposed actions for each mandate and the investment manager's progress against prior points of engagement are outlined in the following table.

Manager and Fund	Proposed Actions This Review	Progress Versus Last Review
Insight Segregated LDI & Synthetic Equity Mandates	Investment Approach – Consider developing internal diversity targets, focussed not just on gender but also race. Consider greater emphasis on D&I issues in assessing companies / counterparties. Voting & Engagement – Insight to consider key KPIs and milestones for engagement. Reporting – Consider the inclusion of an engagement summary in regular reporting.	Investment Approach – Goals have been developed to address gender imbalance and racial disparity. Stated aim of goal is for offices to be as diverse as the communities they are situated in. Credit analysts have access to an ESG dashboard which includes metrics about D&I for each counterparty. Reporting – Separate E, S and G ratings are published for derivative counterparties quarterly. Insight are continuing efforts to evolve engagement reporting in order to produce a disclosable narrative. Insight anticipate this will be available in regular reporting into 2023.

Insight Segregated Corporate Bond Mandate	Investment Approach – Consider quantifying more forward-looking ESG objectives e.g., KPIs with % improvement in the ESG score of assets. Voting & Engagement – Engagement activity should be overseen and driven by the central team, with portfolio-level stewardship priorities. Reporting – Continue to improve the amount of data on ESG metrics collected from issuers.	Risk Management – Insight have recently completed scenario analysis for their sovereign and corporate holdings, and are expected to be able to provide this for portfolios in 2023. Reporting – The SNPP portfolio has reasonable coverage on some metrics but still relies heavily on estimated metrics, particularly for scope 3 emissions.
Insight Asset-Backed Securities	Investment Approach – Continue to engage with originators to improve the quality of ESG data collection. Risk Management – Develop a quantitative scorecard for originators. Voting & Engagement – Publish the Stewardship policy. Reporting – Include engagement metrics in their ESG reporting.	Voting & Engagement – Insight have been updating their Stewardship policy, but it has not been published.
Apollo Total Return Fund	Risk Management – Undertake scenario analysis and understand the Fund's portfolio alignment with explicit climate scenario outcomes Voting and Engagement – Establish a stewardship policy and priorities to improve engagement coverage Collaboration – Become a signatory to the 2020 UK Stewardship Code	Risk Management - Apollo are now able to disclose an implied temperature rise for the portfolio, and share records of key engagements. Voting & Engagement – Apollo are engaging with portfolio issuers, but only a small proportion. Reporting – Apollo now produce a comprehensive ESG report containing detail of E, S and G scores, as well as engagement data and carbon metrics. Collaboration – Apollo are involved in a new initiative with the Principles for Responsible Investment, the Loan Syndications and Trading Association and Alternative Credit Council looking to support material and consistent ESG data disclosure within the credit markets.
CQS Multi Asset Fund	Investment Approach – Finalise interim decarbonisation targets for the Fund on the journey to Net Zero by 2050. Risk Management – Continue to build out scenario analysis capabilities, with a particular focus on temperature modelling. Voting & Engagement – Include social factors as a priority area for engagement activities. Reporting – Report on social metrics as a part of regular fund reporting.	Investment Approach – CQS are in the final stages of formalising their interim decarbonisation target that is a requirement of being a signatory to the Net Zero Asset Manager's initiative. Risk management - CQS have been analysing the Climate VaR and implied temperature rise tools by MSCI to understand how best these can be used in relation to the CQS Credit Multi Asset Fund, given the prevailing data challenges the Manager faces. CQS are working to build analysis into their internal reporting systems. They want to be comfortable the metrics are reflective before they are disclosed.

Abrdn Long Lease Property Fund	Investment Approach - Introduce a specific ESG and Climate Change policy for the Fund and provide more clarity on how ASI are addressing social issues alongside tenants. Voting & Engagement - Provide engagement data and outcome of engagement activities with tenants/occupiers. Reporting – Introduce quarterly reporting of ESG metrics.	Reporting – Abrdn are planning to report the carbon footprint of their portfolio on an annual basis.
Allianz Infrastructure Debt Fund	Risk Management - Quantify the impact of climate change on the fund, such as via climate scenario modelling aligned with TCFD recommendations. Voting & Engagement - Look to establish KPIs to determine engagement effectiveness. Reporting – Summarise engagement activity and ESG metrics (e.g. carbon emissions, social factors) within regular reporting. Improve the availability and coverage of TCFD metrics.	Reporting - Allianz were able to supply some TCFD metrics but this was limited to GHG emissions data for one of the three assets in the portfolio. Allianz should look to expand coverage and the number of metrics that they are able to report.
Highbridge Mezzanine Debt Funds	Risk Management - Develop the ESG team so that they can coordinate ESG efforts across the firm. Establish a strategy to identify and mitigate climate change risks. Voting & Engagement - Consider setting a firm-level stewardship policy and feed this down to portfolio management teams. Reporting – Summarise engagement activity and ESG metrics (such as underlying carbon emissions, diversity metrics) within regular reporting.	Risk Management – Highbridge have hired two ESG professionals who work on ESG data and policy. Reporting – Highbridge produced TCFD metrics for the portfolios in 2022.
M&G Real Estate Debt Funds	Investment Approach - M&G could formalise ESG targets for the Funds. Voting & Engagement - M&G could implement clear engagement objectives and milestones during initial due diligence. Reporting – M&G should continue to improve data coverage and reporting metrics, with a particular focus on social and engagement reporting.	Risk Management - M&G could incorporate a scorecard as part of their ESG due diligence on new deals. They note that they are considering this as part of their next round of REDF vintages. Reporting – M&G should continue to improve data coverage and reporting metrics. M&G should provide commentary on ESG issues relevant to the funds in standard and regular reporting (not only available on request).
Lighthouse Absolute Return Funds	The Plan is currently disinvesting from the Lighthouse absolute return funds. Given the Plan's small residual value invested with Lighthouse, a review of the manager's ESG capabilities has not been undertaken.	
BlackRock Private Equity	The BlackRock private equity fund is currently in the process of winding up. Given the Plan's small residual value invested in this fund, a review of the manager's ESG capabilities has not been undertaken.	

BlackRock iShares GBP Ultrashort Bond	The Plan's allocation to the BlackRock iShares GBP Ultrashort Bond Fund is not considered long term as this will reduce over time as capital is called into the BlackRock Diversified Private Debt Fund. Therefore a review of ESG capabilities has not been undertaken.	
BlackRock iShares Global High Yield Corporate Bond	The Plan's allocation to the BlackRock iShares Global High Yield Corporate Bond Fund is not considered long term as this will reduce over time as capital is called into the BlackRock Diversified Private Debt Fund. Therefore a review of ESG capabilities has not been undertaken.	
BlackRock Diversified Private Debt Fund	Investment Approach - Implement a fund specific ESG policy. Voting & Engagement - Introduce specific stewardship policies for the Fund. Reporting – Include engagement metrics in the regular reporting.	Voting & Engagement – Discussions are ongoing in how the fixed income team and ESG team interreact.

Engagement

As the Plan invests via fund managers, the managers provided details on their engagement activity including a summary of the engagements by category for the 12 months to 31 October 2023.

Fund name	Engagement summary	Commentary
Insight Segregated LDI Mandate	Total engagements: 25 Environmental: 7 Social: 14 Governance: 15 Note: Data covers the period Q4 2022 to Q3 2023.	Insight proactively engage with counterparties based on different factors including climate change, accounting, financial and impact bond issues. ESG factors also can also drive engagement where analysts believe them to have financial relevance.
Insight Segregated Synthetic Equity Mandate	Insight have not provided a breakdown of their engagement activity for this mandate.	Please see above.
Insight Asset-Backed Securities	Total engagements of 70-80 for each of Insight Global ABS and Insight High-Grade ABS Note: Data covers the period Q4 2022 to Q3 2023.	Stewardship analysts are responsible for setting the engagement strategies. On an annual basis Insight identifies key ESG themes and highest priority issuers. A key stewardship focus for ABS is to improve disclosures and data from issuers to enable Insight to assess ESG performance. An example of significant engagement includes: Volkswagen – Insight discussed the provision of ESG-related data on auto collateral pools and securitisations. Although they confirmed that historically their main focus has been on reporting at the corporate level, not the finance vehicle operating company, they would work towards providing carbon emissions at a securitisation level.

Insight Segregated Corporate Bond Mandate	Total engagements: 95 Environmental: 81 Social: 49 Governance: 29 Other: 336 Note: Data covers the period Q4 2022 to Q3 2023.	Insight have engaged with a variety of issuers in relation to the mandate, including discussions focused on relevant ESG issues. Whilst no KPIs have been set on engagement priority areas, Insight measure the effectiveness of engagements through monitoring the issuer response rate. Examples of significant engagements include: Barclays – Insight have engaged with Barclays regarding setting accredited science-based targets in their sustainable income framework. Following recommendations from Insight, the firm has since enhanced its oil sands policy and has introduced a Client Transition Framework. Citigroup - Citigroup is expected to report facilitated emissions when PCAF standard is launched. Insight has recommended that Citi improve its fossil fuel financing policy to be comparable with their European peers given they are still one of the largest financiers of fossil fuels and continue to get pressure from the German government to finance RWE despite coal expansion. Insight continues to monitor progress on the areas discussed.
Apollo Total Return Fund	Total engagements: 55 Environmental: 48 Social: 23 Governance: 14 Note: Data covers the period Q4 2022 to Q3 2023.	Apollo have a clear due diligence and engagement framework. Apollo's credit team primarily engages with issuers to identify ESG risk and opportunities. To stay on top of ESG developments, Apollo monitors public issuer filings and media reports, attends industry conferences, and reviews ESG data from internal teams and third party vendors. Where issues are identified, they are raised with management with the goal of driving value or meeting stakeholder needs. Examples of significant engagements include: Moss Creek Resources Holdings – Apollo engaged with the company on how Moss Creek, an independent oil and gas company, mitigates its environmental risk. The company has confirmed it prioritises reducing emissions from operations, primarily by reducing flaring and through the build out of an extensive water infrastructure and recycling system. **JBS –** Apollo engaged with JBS following its addition to the UNGC violator list due to repeated ammonia leaks at its facilities. JBS explained several key failures led to the most recent leak and following the findings additional preventative measures have been implemented, including more robust safety audits going forward.

CQS Multi Asset Fund	Total engagements: 58 Environmental: 55 Social: 35 Governance: 41 Other: 67 Note: Data covers the period Q4 2022 to Q3 2023.	CQS record their engagements in an internal ESG system. This gives portfolio managers access to previous engagements and provides a basis for further, more focused engagements to improve investment outcomes. CQS have previously implemented an updated framework that offers greater guidance on the engagement process and an improved ability to monitor engagement effectiveness. Examples of significant engagements include: Sea Limited – CQS engaged with Sea Life as part of the 2023 CDP Non-Disclosure Campaign, for which CQS is a public supporter. CQS encouraged them to complete the CDP Climate Questionnaire. As a result of CQS escalating engagement requests, Sea Life has since published some carbon emission and diversity disclosures for the first time in their sustainability report. Acacium – CQS engaged with Acacium, a medical staff provider, to understand more details on their social value report and the methodology used, data management and any potential clinical risks they foresee. They acknowledged that they face material clinical risks and have range of KPIs in place to help mitigate these risks such as monitoring cancellations and user satisfaction, wait time and recovery rate. As a result of this engagement, Acacium's rating was upgraded by CQS, due to an increase in ESG disclosures and target setting. The company has set a net zero target of 2040, and an interim reduction target of 25% by 2026.
Abrdn Long Lease Property Fund	Abrdn have not provided a breakdown of their engagement activity	The Fund invests directly in real estate and most properties are occupied by tenants who have discretion over day-to-day management of the property. Abrdn do look to actively engage with tenants on ESG issues where they can, however, Abrdn feel their overall influence as a landlord is limited. Abrdn would like to see greater engagement and further disclosure of data from tenants.
Allianz Infrastructure Debt Fund II	Allianz have not provided a breakdown of their engagement activity	Allianz undertake regular engagements to discuss all issues of relevance to the investment and have classified each meeting retrospectively. They do not separate engagements between "ESG" and "non-ESG" matters. There are no key engagement priority areas in place or KPIs to determine engagement effectiveness.

Highbridge Mezzanine Debt Fund II, III and 2019	Total engagements: 28 Note: Data covers all three Funds together.	Highbridge are looking to develop their capabilities in providing engagement activity on the Mezzanine strategies and are looking to strengthen their engagement activities with portfolio companies. Highbridge identify engagement priority areas for each portfolio company via an industry-specific ESG checklist. Fund II is mature and is approaching wind up. An example of significant engagement for a holding in Funds III and 2019 is as follows: Project Billboard – HPS engaged with the property owner to discuss energy efficiency and transition planning for the property. HPS expressed interest in following up with the owner to discuss their intended alignment of transition planning with certain third-party frameworks and expects to review the property owner's 2024 ESG Report, once available.
M&G Senior Commercial Real Estate Debt Fund	M&G have not provided a breakdown of their engagement activity.	M&G's ability to control and dictate ESG initiatives at the borrower level is somewhat limited as they do not hold a controlling share or any voting control over the investment. Most of M&G's engagement activity is with the sponsor counterparties that they lend capital to. Their ability to influence sponsor activity is highest during the initial negotiations on loan terms and happens at the outset of the investment during this phase, with ongoing engagement actions typically revolving around how the sponsor is adhering/ progressing on the terms agreed upon. Senior Commercial Mortgage Loan Fund is outside of its investment period and is approaching wind up.
M&G Real Estate Debt Fund II and III	M&G have not provided a breakdown of their engagement activity.	Please see above. Funds II and III are outside of their investment periods and are approaching wind up.
M&G Real Estate Debt Fund IV	Total engagements: 3 Environment: 6	Please see above. M&G have engaged on three occasions with sponsors to loans held in REDF IV. In one engagement, the loan documentation included a condition for the borrower to provide an ESG strategy paper to the lenders detailing key ESG priorities for the asset during the loan term. In 2022, discussions began with the sponsor to ensure workstreams to improve environmental performance were pursued. During 2023, M&G continued to follow up with the sponsor on this matter. The sponsor has implemented a variety of measures to improve energy, water and waste management efficiency.
M&G Real Estate Debt Fund V	M&G have not provided a breakdown of their engagement activity.	Please see above. Fund V is outside of its investment period, which limits opportunities for engagement.

Lighthouse Absolute Return Fund Class MOF III	Lighthouse do not provide details of their engagement activity for the absolute return funds.	The Plan is currently disinvesting from the Lighthouse absolute return funds. There is only a small residual value remained invested in the MOF III fund and hence the Trustee has not undertaken a full review of their ESG capabilities. The Lighthouse absolute return funds are not managed to any ESG or SRI guidelines.
BlackRock Co-Investment Fund	BlackRock do not provide details of their engagement activity for the Co-Investment Funds.	The fund is currently in the process of winding up. There is only a small residual value remained invested and hence the Trustee has not undertaken a full review of BlackRock's ESG capabilities in relation to this fund.
BlackRock iShares GBP Ultrashort Bond	Total engagements: 49 Environmental: 25 Social: 21 Governance: 45	At firm-level, BlackRock engages with many companies and informs clients about its engagement and voting policies through various forms of communication. The Investment Stewardship team is responsible for encouraging sound corporate governance practices and encouraging companies to deliver long-term, sustainable growth and returns for clients through engagement and proxy voting.
BlackRock iShares Global High Yield Corporate Bond	Total engagements: 184 Environmental: 80 Social: 61 Governance: 171	Please see above. An example of significant engagement with an issuer in the portfolio includes: Yum! Brands – BlackRock were able to vote on shareholder proposals at the Company's AGM given that BlackRock also manage other forms of capital issued by Yum! Brands. The shareholder proposals addressed a range of issues including: plans to reduce single-use plastic packaging; political lobbying; civil rights and non-discrimination policies; and share retention by named executive officers. BlackRock voted against the proposals, in line with management, after considering the merit of each. They considered: • existing disclosures on plastics use to be sufficient; • existing disclosures to provide sufficient transparency on the company's lobbying practices; • the existing approach to civil rights and non-discrimination to be proportionate; and • current stock ownership guidelines for their named executive officers to be robust.

BlackRock Diversified Private Debt Fund	BlackRock do not currently track details of their engagement activity for the Diversified Private Debt Fund.	BlackRock are developing a methodology for measuring and tracking company engagement on a consistent basis across DPD. They have made a number of changes to their processes this year including (i) improving the ESG annual questionnaire, which is one of the tools used for engagement, and (ii) instigating an ESG ratchet programme. Examples of significant engagements include: Vertex Energy – The Company's legacy business primarily involved the collection of used motor oil and the processing and synthesising of it into specialty chemicals and lubricants. Through the loan, the Company acquired a Gulf Coast refinery from a third-party seller and embarked on an expansion project. As part of engagement, BlackRock required the Company to complete the annual ESG questionnaire, which afforded a high-level view on where Vertex stood regarding ESG initiatives, such as setting carbon emissions goals and related data capture protocols. After the transaction closed, the BlackRock team worked with management to make sure the Company was not only taking the right steps to progress on its ESG goals, but also was communicating those efforts to the broader investor community. Project Mermaid - BlackRock engaged with Mermaid around short and long-term sustainability goals pre- and post-commitment including carbon footprint and emission reduction, waste management and protection of marine biodiversity. As part of the engagement, BlackRock required Mermaid to complete an annual ESG questionnaire, which afforded a high-level view on where Mermaid stood regarding ESG initiatives, and ultimately allowed Mermaid to comply with SASB reporting standards. BlackRock discussed a variety of ESG topics with Mermaid's management, such as converting to bio-diesel and using electricity at ports to power auxiliary power versus dirty diesel.

Voting

Given the Plan does not have any physical equity investments over the year to 31 October 2023 there is no voting data to report.

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