



Engagement Policy Implementation Statement

UNIPER GROUP OF THE ELECTRICITY SUPPLY PENSION SCHEME

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1. Introduction

The Directors of the Uniper UK Trustees Limited (the “**Group Trustee**”, abbreviated to ‘**Trustee**’ herein) are obliged, acting in their capacity as trustee of the Uniper Group of the Electricity Supply Pension Scheme (the “**Group**”), to prepare a yearly statement setting out how they have complied with the Statement of Investment Principles (the ‘SIP’), including:

- A description of any amendments to the SIP during the period covered by the statement.
- How and the extent to which, in the opinion of the Trustees, compliance with the SIP has been achieved.
- How the Trustee have demonstrated good stewardship over investments, which includes
 - a description of how, and the extent to which, policies on investment rights (including voting) and engagement described within the SIP have been complied with;
 - a description of voting behaviour made by or on behalf of the Trustee; and
 - a statement on any use of the services of a proxy voter.

This statement relates to the period from 1 April 2022 to 31 March 2023 (the ‘reporting period’), and has been prepared in accordance with regulatory requirements and guidance published by the Pensions Regulator. This statement is based on the SIP that applied during the period, the latest of which is available at the following link: <https://ukpensions.uniper.energy/documents/statement-of-investment-principles>

2. Amendments to SIP

There were no material changes to the governance arrangement of the plan during the reporting period, nor to the nature of risks, fees or stewardship practices.

During the period, on the back of the Gilts crisis over the second half of 2022, a temporary waiver to the investment policy was agreed upon in collaboration with the Trustees to protect the best interests of the Group. This waiver allowed for:

- Greater focus on hedging inflation and interest rate risks associated with the Group’s liabilities
- Changes to asset allocation across portfolios to combat the liquidity stress in financial markets

Following the aforementioned crisis in Gilts markets, the Trustees conducted a funding and investment review in collaboration with their professional advisors and the Employer. This resulted in a decision to amend the investment strategy, which required an update of the Investment Policy, which included:

- a new return target of gilts+2.5% per year (previously gilts+2.9%)
- a new asset allocation across portfolios and a new list of permitted asset classes
- a new target range for hedging inflation and interest rate risks associated with the Group’s liabilities

The new investment policy was adopted on 28 February 2023.

3. Adherence to SIP

The Trustees monitor compliance with the SIP annually. In particular, they obtain confirmation from their fiduciary manager, Van Lanschot Kempen Investment Management (VLK) and other advisors that they have complied with the relevant SIP insofar as is reasonably practicable and that in exercising any discretion they have done so in accordance with Occupational Pension Schemes Regulations.

In particular, the Trustees have received periodic investment reports and investment updates from VLK that provide;

- details of the asset allocation, and whether the allocations are consistent with the investment policies specified in the SIP ,
- details of the value of the Scheme's investments, and the estimated value of the liabilities from which an estimated funding level can be determined,
- progress of the funding level with respect to funding targets,
- details of the performance of the individual investments, including relative to a benchmark,
- details of the performance of the total investments, including relative to the target return and investment objectives,
- details of the hedging of the interest rate and inflation risks associated with the liabilities, and whether the hedging is working as expected, and compliant with the bandwidths specified in the SIP,
- details of the investment risk of the underlying investments, and the change in the total investment risk over time,
- the responsible investment characteristics of the underlying investments, and
- details of the engagement behaviour of both VLK and the underlying investment managers they appoint on behalf of the trustees, including their voting behaviour.

The Trustees have reviewed the information provided by VLK and its other advisors, and are satisfied that the policies set out in the SIP have been followed, including for;

- investing the assets according to the investment policy and the investment strategy advised and implemented by VLK,
- choosing suitable investments to achieve the right balance between risk and return, so as to ensure the security, quality, liquidity and profitability of the Group's assets,
- managing the key risks of the Group appropriately,
- monitoring the underlying managers of the investments, and the performance of those managers relative to the objectives,
- managing ESG risks (financial materially considerations) appropriately (note that non-financial matters, such as member views, are not taken into consideration), and
- exercising of the rights (including voting rights) attaching to investments.

A summary of the engagement behaviour of both VLK and the underlying investment managers they appoint on behalf of the Trustees is provided in the sections below. This includes information on voting behaviour, and votes considered significant by each of the investment managers. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

4. Stewardship – VLK monitoring and engagement behaviour

Background

The Trustees recognise their responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustees do not monitor or engage directly with issuers of, or holders of, debt or equity, but instead delegate this activity to VLK and to the underlying asset managers appointed by VLK. The Trustees expect VLK to undertake regular monitoring and engagement in line with its' own corporate governance policies, taking account of current best practice including the UK Corporate Governance Code 2018 and the UK Stewardship Code 2020.

VLK expects the underlying asset managers they select, and who are regulated in the UK, to comply with the UK Stewardship Code 2020, including public disclosure of compliance via an external website. VLK also expect those managers to exercise rights attached to their investments, including voting rights, and to engage with issuers of debt and equity and other relevant persons about matters such as performance, strategy, management of actual or potential conflicts of interest, and environmental, social and governance (“ESG”) considerations.

ESG criteria are a set of non-financial indicators relating to a company’s operations that are used by investors to evaluate corporate behaviour and to determine how it may impact the future financial performance of companies. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

There are several levels of engagement at VLK: they engage with the asset managers they appoint, with companies they invest in directly (e.g. within VLK products), and via collaborative engagement with industry stakeholders, such as regulators, industry initiatives, benchmark providers, and peers.

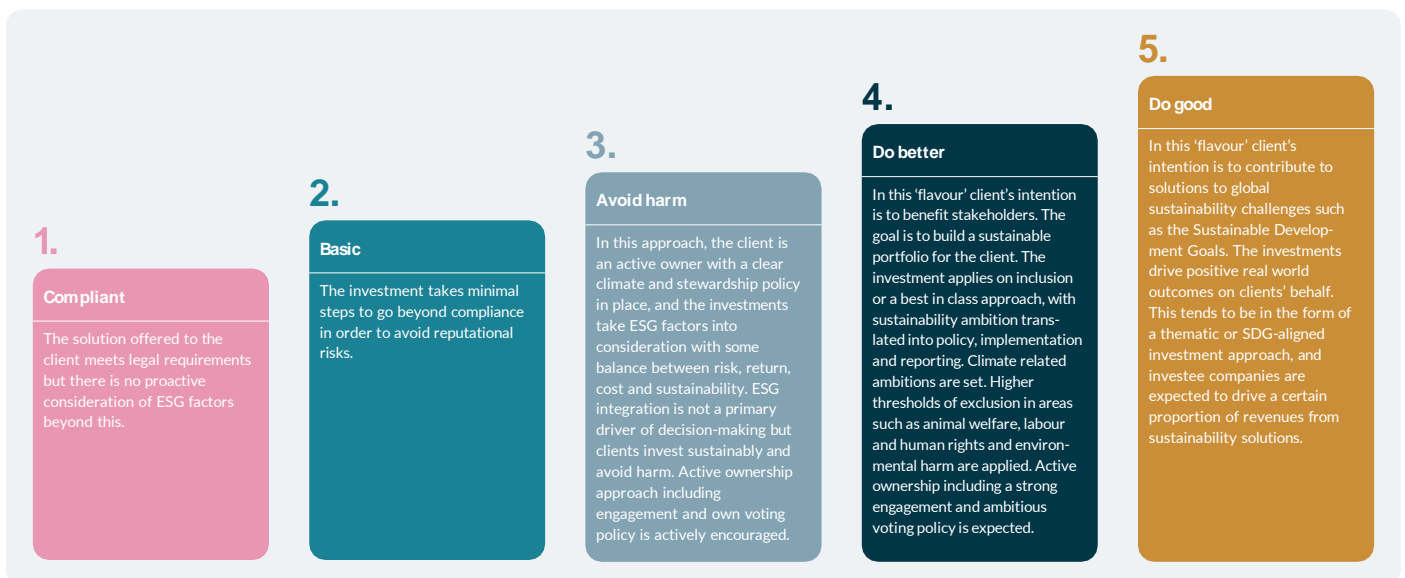
VLK monitoring of underlying asset managers

Whilst VLK has limited influence over an asset managers’ investment practices where assets are held in pooled funds, it has, throughout the last 12 months, encouraged its chosen managers to improve their own stewardship and engagement practices, and consider ESG factors and their associated risks. VLK uses the following methodology to monitor and engage with the underlying asset managers:

- ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);
- All managers are screened against ESG criteria before inclusion in VLK’s approved manager list. For example:
 - does the manager have a responsible investment policy;
 - is the manager open for a dialogue on ESG criteria; and
 - does the manager have exposure to companies that are on VLK’s exclusion & avoidance list?
- All managers are reviewed against ESG criteria on an ongoing basis. For example:

- do responsible investing considerations continue to be integrated into their investment process;
 - is the manager making progress;
 - is the manager well informed and up-to-speed on ESG criteria and initiatives; and
 - is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?
- VLK encourages its chosen managers to improve their practices where appropriate.

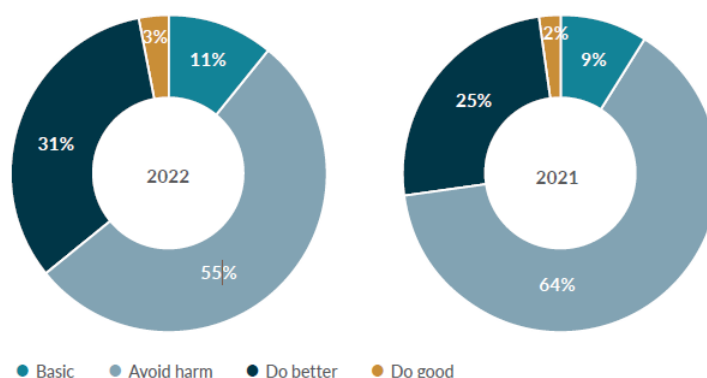
VLK have created a proprietary scoring framework (the Sustainability Spectrum) to help them understand and evaluate how asset managers integrate various ESG factors into their investment products and processes. Within this framework, asset managers and their products (i.e. pooled funds) are classified into one of 5 different levels: Compliant (level 1), Basic (level 2), Avoid harm (level 3), Do better (level 4), Do good (level 5).



Scoring listed funds

Over 2022 VLK have continued to apply this scoring methodology to rate the ESG characteristics of the underlying managers and investment products used within client strategies. They scored 385 listed funds by the end of 2022, which represents around 58.4% of VLK's AuM. The pie charts below show a breakdown of how the external managers in listed asset classes scored, ranging from 'Basic' to 'Do Good'. As a percentage of scored AuM, 11% of the funds scored 'Basic', 55% scored 'Avoid harm', 31% scored 'Do better' and 3% of the AuM fell under managers scoring 'Do good'.

Sustainability scores of external managers



VLK do not offer Compliant or Basic products proactively to their clients. Those products that scored within these categories were either legacy investment products that have been adopted from clients transitioning to their fiduciary solution, or older products from their Approved List (including some in passively managed solutions) which they are in the process of replacing with more sustainable investment products (an exercise that they have been undertaking for a number of years).

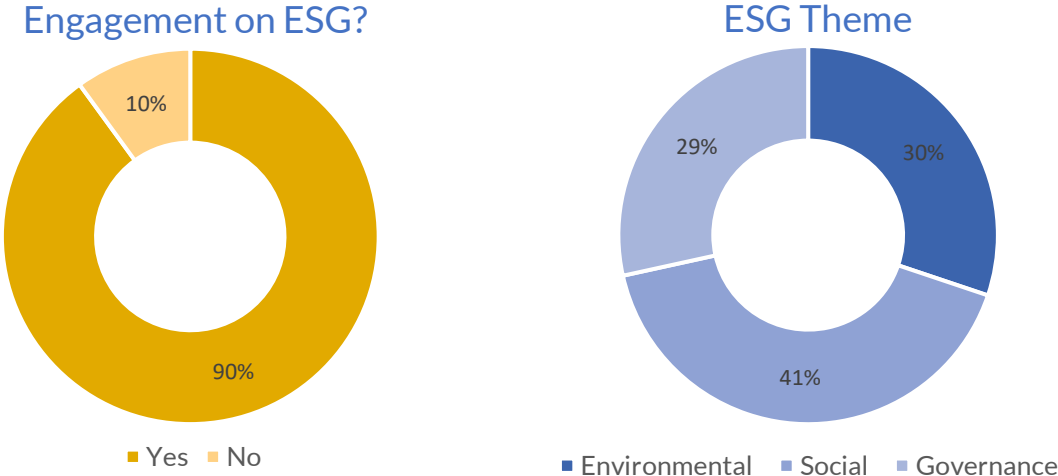
Scoring alternative funds

In 2022, VLK continued to assess funds in private markets and alternative asset classes. Although the ESG scores are not completely aligned with the listed asset classes mentioned above, they do give a good indication about the sustainability approach of the underlying managers. In 2022, 91 underlying funds have been assessed on ESG, of which 15 scored Basic; 28 scored Avoid harm; 38 scored Do better; and 10 scored Do good. The scores of Basic and Avoid harm is not unexpected, it has historically been more challenging for alternatives to apply sustainability in a similar way to the listed funds.

VLK engagement & examples

In order to help external managers to improve their sustainability and ESG characteristics, VLK will regularly engage with them on their sustainability commitments and performance. In 2022 VLK proactively engaged with 80 managers which can be broken down to 39 listed external managers, 31 private markets managers, and 10 managers linked to alternative strategies. VLK’s expert Manager Research Solutions Team engages with external managers on compliance with VLK’s exclusion list, on alignment with VLK’s sustainability ambitions and those ambitions of their clients.

The pie charts below show the proportion of those engagements linked to an ESG topic, and where those topics were linked to ESG, which theme was the focus of the engagement.



Below is an example of a specific engagement to show how VLK are monitoring and engaging with the Group’s underlying managers with respect to ESG topics.

Example 1:

Engagement type	Engagement on specific companies/industries (other)
Engagement topic	Social
Manager	Insight
Funds/mandates involved	Maturing Buy and Maintain Funds (MBAM)
Company	Volkswagen
Reason for engagement	Insight has exposure to Volkswagen, a name that has been added to VLK's exclusion list on the back of the MSCI ESG Red Flag it received relating to employment conditions in China.
Summary of discussion with manager	<p>Prelude: Insight had communicated before that they do not buy companies with MSCI ESG red flags within the MBAM funds. Volkswagen was already a name in a couple of the MBAM funds and Insight continue to hold the company debt while digesting the red flag and consider engagement. Our expectation was that there would be a hasty positive resolution within a reasonable time frame, but it has now been 3 months since we first reached out to Insight with no change. We therefore scheduled an update call to fully understand the situation.</p> <p>Update from Volkswagen: They explained that the VW China CEO visited the Urumqi plant to review the situation. The VW statement that followed this visit mentioned that employment of the 240 employees at the Urumqi plant predate the initial MSCI ESG allegations with employment of over four years. All employees have individual contracts with the JV, and minorities are fully (17% of employees are Uyghur) supported by policies and pay is higher than the industry average in the region.</p> <p>Update from MSCI ESG: No real update from MSCI ESG. MSCI ESG has updated the VW case recently but only referred to the additional VW communication.</p> <p>Insight's view: Insight plans to continue its engagement with Volkswagen. They think that an independent audit / NGO review is the best solution to conclude this case. Insight also thinks that a sale of the JV stake is unlikely as there will be political backlash, even though they recognize the underutilization and relative irrelevance of the plant in Volkswagen's overall operations.</p> <p>Insight's positioning: Insight continues to maintain its 'hold' position on the bonds in the MBAM portfolios. They do not want to be forced sellers in this case and think the company is doing what it can do to resolve the case and Insight will continue to push for the independent audit. Given the complexity of the situation and the fact that the case is still very 'engagement worthy' Insight also does not want to impair performance/yields of the MBAM funds. At the same time Insight seems to become more likely to be a seller as relative valuation moves further towards the pre-red-flag levels (spreads tightening) and Insight also expects the case to be resolved in about a year's time. If VW cannot resolve this case (e.g., via an independent audit) in the coming year this is a clear sign of governance and culture issues at the firm.</p>
Conclusion	Insight seems to be aligned with VLK's timelines to resolve the case in the coming year. Our view is that their engagement approach means there is a realistic chance this complex case will be resolved.
Next steps	Continue to engage with Insight and ask for updates on this topic during our quarterly monitoring process.

Collaborative engagement

By participating in collaborative engagement initiatives with industry peers, VLK can increase the effectiveness and leverage of their engagement activities. VLK can initiate a collaborative engagement or join existing engagement initiatives, such as Climate Action 100+. VLK assess which collaborations fit best with their values and engagement targets on a case by case basis. In addition, VLK collaborate with other asset managers and asset owners where engagement objectives are aligned. In 2022 VLK became a supporter of the newly launched PRI collaborative effort on social themes, called Advance.

With the tangible effects and growing risks associated with climate change, VLK have prioritised engaging on climate related issues. This covers additional emissions disclosures, emission mitigation efforts, or the development of cleaner technologies. VLK expect external asset managers they select to be aligned with the Paris Agreement and set emission reduction targets. In 2022, VLK were an active member of several initiatives, most notably:

- IIGCC Climate Action 100+
- Platform Living Wage Financials
- FAIRR
- Access to Medicine Foundation
- Investor Alliance on Human Rights

In terms of VLK's involvement in industry initiatives, they are an active member of PRI and several of its working groups (Corporate Reporting Reference Group, SDG Advisory Committee, Hedge Fund Advisory Committee), the GIIN (Global Impact Investing Network), and the ICGN (International Corporate Governance Network). They are also a signatory to the Dutch and UK Stewardship Codes.

5. Stewardship – VLK monitoring and engagement behaviour

The Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest, and stress the importance of exercising shareholder voting rights effectively.

Via VLK's monitoring and engagement activities, the Trustees encourage all its asset managers to be engaged investors, and furthermore encourages the managers to report on these activities and to disclose information about responsible investing on their website and in their reporting.

The assets are invested in a diverse range of asset classes, however the intention of this section of the statement is to provide specific details of the voting and engagement behaviour of the major allocations to equity managers who manage equity investments which have voting rights attached, as well as the engagement behaviour of the fixed income corporate bond managers. Alternative assets and government bonds are excluded.

While managers may have used proxy voters, the Trustees have not used proxy voting services themselves during the last 12 months.

EQUITY MANAGERS' RESPONSE

State Street Global Advisors – World TPI Climate Transition

Voting Statistics: April 2022 – March 2023

What is the Fund's International Securities Identification Number (ISIN) (if applicable)	GB00BMV36T24
What was the total size of the fund / mandate as at the end of the Reporting Period?	£ 1,251 million
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	1,000
Question	Response
How many meetings were you eligible to vote at?	1,125
How many resolutions were you eligible to vote on?	16,588
What % of resolutions did you vote on for which you were eligible?	99.13%
Of the resolutions on which you voted, what % did you vote with management?	91.6%
Of the resolutions on which you voted, what % did you vote against management?	8.4%
Of the resolutions on which you voted, what % did you abstain from voting?	0.47%
In what % of meetings, for which you did vote, did you vote at least once against management?	57.54%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable)	7.75%
Votes of Abstain can be counted both as a vote of abstain but also as a Vote Against Management and hence Vote with management, vote against management and abstain from voting may add up to more than 100%.	

Index Equity Fund

Most significant votes: State Street Global Advisors – World TPI Climate Transition Index Equity Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	General Mills, Inc.	Berkeley Group Holdings Plc.	Tesla, Inc.	Standard Chartered, Plc.	Alphabet Inc.
Summary of the resolution	Environmental Impact	Approve Remuneration Policy	Environment Impact	Climate Change Action	Report on Climate Change
How you voted	For	Against	For	Against	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	No	No	No	No
Rationale for the voting decision	This proposal merits support as the company's environmental disclosure and/or practices can be improved.	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	This proposal merits support as the company's environmental disclosure and/or practices can be improved.	This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.	This proposal merits support as the company's disclosure and/or practices related to climate change can be improved.
Outcome of the vote	N/A	N/A	N/A	N/A	N/A
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Where appropriate SSGA will contact the company to explain our voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain our voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain our voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain our voting rationale and conduct further engagement.	Where appropriate SSGA will contact the company to explain our voting rationale and conduct further engagement.
On which criteria have you assessed this vote to be the "most significant"?	Vote against management	Vote against management	Vote against management	Environmental proposal	Vote against management

Voting Policies: State Street Global Advisors – World TPI Climate Transition Index Equity Fund

Overview of process behind deciding how to vote

As an investment manager, State Street Global Advisors (SSGA) have discretionary proxy voting authority over most of their client accounts. SSGA carefully votes these proxies in the manner that will protect and promote the long-term economic value of client investments.

Oversight:

SSGA's Stewardship team's activities are overseen by their ESG Committee who are responsible for reviewing stewardship strategy, engagement priorities and proxy voting guidelines, and monitors the delivery of voting objectives. In addition, SSGA's ESG Committee provides oversight of their Stewardship team, reviews departures from their proxy voting guidelines, and reviews conflicts of interest involving proxy voting.

Proxy Voting Process:

SSGA enhances the services provided by their in-house resources through third-party service providers. The most notable of these are third-party data providers such as Institutional Shareholder Services (ISS) who are utilised to assist SSGA with managing the voting process at shareholder meetings. In the voting process, SSGA uses ISS to help them monitor their voting rights across the asset classes in which they invest. SSGA employs ISS to:

- Act as SSGA's proxy voting agent (providing us with vote execution and administration services).
- Assist in applying SSGA's voting guidelines.
- Provide research and analysis relating to general corporate governance issues and specific proxy items.
- Provide proxy voting guidelines in limited circumstances.

SSGA's stewardship team reviews their Proxy Voting Guidelines with ISS on an annual basis or on a case-by-case basis as needed. ISS affects the proxy votes in accordance with their Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of SSGA's Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with their Proxy Voting Guidelines, which seek to maximize the value of their client accounts.

As an extra precaution, SSGA's Stewardship team will refer significant issues to the ESG Committee for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the ESG Committee. For instance, SSGA's Stewardship team takes into account whether a material conflict of interest exists between their clients and those of the firm or affiliates. If such a case occurs, there are detailed guidelines for how to address this concern (i.e., please refer to SSGA's Mitigating Conflict of Interest Guidelines for additional details). SSGA aims to vote at all shareholder meetings where their clients have given them the authority to vote their shares and where it is feasible to do so.

However, when deemed appropriate, SSGA could refrain from voting at meetings in cases, as listed below, where:

- 1 Power of attorney documentation is required.
- 2 Voting will have a material impact on our ability to trade the security.
- 3 Voting is not permissible due to sanctions affecting a company or individual.
- 4 Issuer-specific special documentation is required or various market or issuer certifications are required.
- 5 Unless a client directs otherwise, State Street Global Advisors will not vote proxies in so-called "share blocking" markets (markets where proxy voters have their securities blocked from trading during the period of the annual meeting).

	<p>State Street Global Advisors Vote Prioritization Process: SSGA votes at over 20,000 meetings on an annual basis and prioritizes companies for review based on factors including the size of holdings, past engagement, corporate performance and voting items identified as areas of potential concern. Based on this assessment, SSGA will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for their clients.</p> <p>All voting decisions are exercised exclusively in accordance with their in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with their instructions. Transparency on these key issues is vital. In this regard, SSGA publishes a record of their global voting activity on the Asset Stewardship section of their website. https://www.ssga.com/it/en_gb/intermediary/ic/capabilities/esg/asset-stewardship/asset-stewardship-report-library</p> <p>Please refer to State Street Global Advisors Standard Proxy Voting Guidelines. https://www.ssga.com/library-content/pdfs/ic/proxy-voting-and-engagement-guidelines-principle.pdf</p>
<p>Use of proxy voting services (if existent)</p>	<p>SSGA uses a variety of third-party service providers to support their stewardship activities. Data and analysis from service providers are used as inputs to help inform their position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with SSGA's in-house policies and views, ensuring the interests of clients remain the sole consideration when discharging stewardship responsibilities. SSGA have contracted Institutional Shareholder Services (ISS) to assist us with managing the voting process at shareholder meetings. SSGA uses ISS to: (1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances. In addition, SSGA also has access to Glass Lewis and region specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement their in-house analysis of companies and individual ballot items. All final voting decisions are based on proxy voting policies and in-house operational guidelines.</p>
<p>Process for determining "most significant votes"</p>	<p>In compliance with the UK SRD II, SSGA developed a framework that identifies the most significant votes for their UK clients. On a quarterly basis, using this framework, SSGA creates reports for UK clients that include a brief explanation of the most significant votes identified in their portfolios.</p> <p>SSGA identified significant votes for the purposes of the SRD II as follows:</p> <ol style="list-style-type: none"> 1 All votes on environmental-related shareholder proposals. 2 All votes on compensation proposals where SSGA voted against the management's recommendation. 3 All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*). 4 All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**). 5 All against votes on the re-election of board members due to a lack of gender diversity on the board. <p>*In 2019, SSGA created an engagement and voting screen that leverages R-Factor, their proprietary scoring system. R-Factor measures the performance of a company's business operations and governance as it relates to financially material and industry-specific ESG risk factors, as defined by the Sustainability Accounting Standards Board (SASB). Since the 2020 proxy season, SSGA started taking action against board members at companies in the S&P 500, FTSE 350, ASX 100, TOPIX 100, and STOXX 600 indices that are laggards based on R-Factor scores and that cannot articulate how they plan to improve their score.</p> <p>**In 2020, SSGA implemented a proactive screen to identify portfolio companies in key markets that do not comply with their country-specific governance codes. The screen's methodology centers around the R-Factor Corporate Governance score component (CorpGov), leveraging our proprietary framework to develop insights and drive their engagements with companies identified as laggards based on their low-ranking scores relative to their domestic and global peers. Laggard companies score in the bottom 10% relative to their local peers, and belong to one of the major indices where SSGA applied the screen. Since most governance codes are implemented on a comply-or-explain basis, SSGA engaged with these companies to understand their reasons for the laggard score status. In the event companies were unable to provide effective explanations for their noncompliance or have not made evident progress to improve their practices, SSGA held them accountable by taking voting action against the independent leader of the board standing for election.</p>

Northern Trust Emerging Market ESG Leaders Equity Index

Voting Statistics: April 2022 – March 2023

What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BDCLL976
What was the total size of the fund / mandate as at the end of the Reporting Period?	£ 415 million
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	422
Question	Response
How many meetings were you eligible to vote at?	824
How many resolutions were you eligible to vote on?	8,233
What % of resolutions did you vote on for which you were eligible?	99%
Of the resolutions on which you voted, what % did you vote with management?	87%
Of the resolutions on which you voted, what % did you vote against management?	12%
Of the resolutions on which you voted, what % did you abstain from voting?	2%
In what % of meetings, for which you did vote, did you vote at least once against management?	46%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable)	0%
Votes of Abstain can be counted both as a vote of abstain but also as a Vote Against Management and hence Vote with management, vote against management and abstain from voting may add up to more than 100%.	

Fund

Most significant votes: Northern Trust Emerging Market ESG Leaders Equity Index Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Shenzhen International Holdings Limited	EVE Energy Co., Ltd.	CECEP Wind-Power Corp.	Britannia Industries Limited	Arca Continental SAB de CV.
Summary of the resolution	Approve Auditors and authorize Board to fix their remuneration	Amend Working System for Independent Directors	Amend Rules and Procedures Regarding Meetings of Board of Directors	Approve Remuneration Payable to Nusli N Wadia as Chairman and Non-Executive Director	Approve Remuneration of Board Committee Members; Elect Chairman of Audit and Corporate Practices Committee
How you voted	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A	N/A	N/A	N/A	N/A
Rationale for the voting decision	A vote against this proposal is warranted given that the non-audit fees exceeded the total audit fees paid to the company's audit firm in the latest fiscal year without satisfactory explanation.	A vote against is warranted given the company has not specified the details and the provisions covered under the proposed amendments.	A vote against is warranted given the company has not specified the details and the provisions covered under the proposed amendments.	A vote against is warranted as proposed quantum of remuneration is deemed high for a non-executive role. - The commission payout of Nusli Wadia in FY2022 is higher than the performance incentive of the CEO. The company has not provided any compelling rationale to justify the payout.	A vote against is warranted as the names of the director and committee candidates are not disclosed. The company has bundled the election of directors into a single voting item; and undisclosed bundled director election proposals disenfranchise shareholders voting by proxy.
Outcome of the vote	Pass	Pass	Pass	Pass	Pass
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Continue engagement and oversight on the topic.	Continue engagement and oversight on the topic.	Continue engagement and oversight on the topic.	Continue engagement and oversight on the topic.	Continue engagement and oversight on the topic.
On which criteria have you assessed this vote to be the "most significant"?	Vote against management	Vote against management	Vote against management	Vote against management	Vote against management

Voting Policies: Northern Trust Emerging Market ESG Leaders Equity Index Fund

<p>Overview of process behind deciding how to vote</p>	<p>As a major index investor representing permanent capital in more than 10,000 companies globally, Northern Trust (NT) sees their voting at shareholder meetings as one of the best ways they can communicate their views to companies on behalf of their clients. NT usually vote on all proposals. Academic research shows that corporate management pays attention to who is voting and how, and they are willing to negotiate on shareholder resolutions that have the backing of institutional investors.</p> <p>NTAM's Proxy Voting Policies, Procedures and Guidelines (the "Proxy Voting Policy") has a considered and thoughtful approach to ESG issues including human rights, diversity and equal employment opportunity, and climate change.</p> <p>The fundamental precept followed by Northern Trust in voting proxies is to ensure that the manner in which shares are voted is in the best interest of clients / beneficiaries and will aim to maximize shareholder value. Northern Trust's Proxy Voting Policy, for example, stipulates that we generally encourage reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides meaningful information to enable shareholders to evaluate the impact of the company's ESG policies and practices on its financial performance.</p> <p>It is important that their guidelines provide clarity with regard to whether NT supports or does not support certain proposals, in line with their understanding of best practices and factors material for shareholder value. Still, for some items NT reserves the right of making discretionary, case by case, decisions, driven by their knowledge of the company specific circumstances, analysis of its performance and their engagement success. NT votes case by case for many environmental and social issues, where the company's sustainability performance would be the key consideration for decision.</p>
<p>Use of proxy voting services (if existent)</p>	<p>Northern Trust has delegated to an independent third party proxy voting service ("Proxy Voting Service"), the responsibility to review proxy proposals and to make voting recommendations to the Proxy Committee in a manner consistent with the Proxy Voting Policy. For proxy proposals that under the Proxy Voting Policy are to be voted on a case by case basis, Northern Trust provides supplementary instructions to the Proxy Voting Service to guide it in making vote recommendations. Northern Trust has instructed the Proxy Voting Service not to exercise any discretion in making vote recommendations and to seek guidance whenever it encounters situations that are either not covered by the Proxy Voting Policy or where application of the Proxy Voting Policy is unclear. In the event that the Proxy Voting Service does not or will not provide recommendations with respect to proxy proposals for securities over which Northern Trust or its affiliates have voting discretion, the relevant proxy analyst at Northern Trust responsible for the issuer or its business sector shall be responsible for reviewing the proxy proposal and making a voting recommendation to the Proxy Committee consistent with the Proxy Voting Policy.</p>
<p>Process for determining "most significant votes"</p>	<p>NT does not have a specific policy for determining "significant votes", rather they have an approach to stewardship that begins with prioritizing companies for outreach and engagement. NT prioritizes companies with the most egregious corporate governance issues or outsized ESG risks or impacts. NT defines them using third-party information resources, such as Climate Action Net Zero Benchmark (NZB) and Transition Pathway Initiative (TPI) for climate change, World Benchmarking Alliance for human rights, ISS Governance data for governance, etc. Additionally NT will integrate the use of the NTAM ESG Vector Score. Based on this initial analysis, NT defines the "target universe" for each priority topic. These are the companies, to which NT will reach out with letters articulating their engagement objectives and the time-frame after which NT will take voting actions against their directors in the case we have not seen progress. NT then creates a watchlist of these companies which is uploaded to the proxy voting services' voting platform so that NT can monitor meetings as they arise.</p>

BOND MANAGERS' RESPONSE

Insight Investment Management - Buy and Maintain Bond Fund 2036 - 2040

Engagement Statistics	
Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQX81
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£19.73 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	58
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	65.6%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	69.5%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	36
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	50

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2036 - 2040

Name of entity you engaged	América Móvil
Year engagement was initiated	Q3 2022
Theme of the engagement	Governance - Board effectiveness - Diversity
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>Insight identified that America Movil had poor governance scores. Insight used their proprietary tools to understand the drivers for these poor scores, which were influenced by the controlling ownership as a result of the multiple-equity class structure where the company's major shareholder, Carlos Slim and his family, hold >80% of voting rights. Insight also has concerns about the board's limited diversity, independence, and skills.</p> <p>Through this engagement, Insight wanted to understand the company's willingness to change the board structure, and if they were, how they plan to change it. Insight pushed the issuer to set targets related to board representation and diversity, in addition to diversity within the company holistically, like industry leaders. They led an ESG-focused discussion with America Movil's IR and Sustainability teams in H2 2021 and followed up in H2 2022. While the firm will continue to have Carlos Slim's two children on its board, the company is striving for additional board improvements regarding diversity, experience and tenure, as well as over boarding. The company updated its materiality assessment and conducted its first overview of board practices in late 2021 to evaluate board effectiveness.</p> <p>During their H2 2022 conversation, Insight urged the company to improve transparency on governance practices such as board succession planning and refreshment as well as executive remuneration, which are both limited. Insight also encouraged further progress on diversity, to bring the board's female representation to the global best practice level of 30%. In addition to board level diversity, they recommended establishing additional quantitative targets for the overall workforce or at the leadership level, like global industry leaders.</p> <p>Meetings with America Movil have been hosted by the relevant analyst with support from the RI stewardship team. All meetings have been private in nature and various members of the IR and ESG team at Insight have been involved.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>In the company's 2022 Sustainability Report, Insight were pleased that they established a new target to increase board diversity to three female directors, representing 21% of the board, which it achieved by appointing Gisselle Jiménez as a new director. This board-level diversity target is integrated into the company's strategy as it was added as a target within America Movil's Sustainability Linked Loan (SLL) structure. The company also refreshed their Board Diversity Policy, which includes the ambition to 'set measurable objectives to achieve gender diversity with the ultimate goal of having a composition of the</p>

	<p>Board where each gender represents at least thirty percent (30%).'</p> <p>The engagement may provide financial benefit, as there is a growing body of research which suggests that companies with diverse directors and executive teams (in relation to gender and ethnicity) are more likely to achieve above-average profitability and have higher returns on invested capital. Board-level diversity and support for diversity initiatives also helps to create a more inclusive culture throughout the entire organization.</p> <p>Since America Movil were open to Insight's feedback and has made improvements including meeting their initial objective of increasing board diversity, Insight were satisfied with the engagement. They will monitor the impact of the engagement through tracking the company's public disclosures to understand what targets have been set, and how performance is changing over time. Insight has decided to hold their position due to the positive conversations that they have had with America Movil.</p>

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2036 - 2040

Name of entity you engaged	JP Morgan
Year engagement was initiated	Q3 2022
Theme of the engagement	Environmental and Social
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>JP Morgan (JPM) provides global financial services and retail banking. The US company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance.</p> <p>Insight engaged with JPM as part of Insight’s counterparty engagement process on three separate occasions to provide feedback on their counterparty ESG questionnaire and to understand its decarbonisation approach and Diversity and Inclusion (D&I) policies in more detail. This was the initial engagement and was with an Executive Director that works within the Centre for Carbon Transition within the group. The meeting was led by Insight’s Senior Stewardship Analyst.</p> <p>JPM stated that its decarbonisation approach focuses on reducing the carbon impact from its banking and financing book, engaging with corporates to identify ‘green unicorns’ and helping corporates transition to a low carbon world. Meanwhile, JPM’s strategy for identifying green unicorns involves lending \$2.5 trillion to develop novel technologies that identify long term solutions to advance climate action and sustainable development.</p> <p>During a follow up engagement, JPM outlined in more detail the parameters of its fossil fuel policies, and Insight discussed the areas of weakness. For example, its fossil fuel financing policy only applies to greenfield coal projects and does not commit to a full phase out of coal. On D&I, JPM does not publicly disclose any targets for D&I representation despite having goals. JPM has fairly good D&I gender performance at board level (40%). However, Female representation at executive / senior level is only 29%, which is a significant decrease from mid-level management, where female employees make up 43% of its workforce. JPM only provides ethnic diversity for the US workforce, and disclosure rates are poor in other markets.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>Among the counterparties surveyed/assessed, JPM’s fossil fuel financing polices are some of the weakest. Insight believe JPM should review and strengthen its fossil fuel policies in reference to IEA (International Energy Agency) Net Zero guidance. Similarly, on its D&I policies, Insight recommended JPM prioritise the provision of more quantitative and data led information. Insight would welcome greater focus on efforts and initiatives for other diverse groups beyond gender and ethnicity and broadening the application of D&I initiative beyond gender in market outside the US. Insight continues to use JP Morgan as a Counterparty. Recommendations will be provided to JPM over time and changes will be monitored.</p>

Insight Investment Management - Buy and Maintain Bond Fund 2041 - 2045

Engagement Statistics

Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQX81
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£14.28 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	55
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months?	70.7%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	71.2%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	33
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	55

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2041 - 2045

Name of entity you engaged	Motability Operations
Year engagement was initiated	Q1 2022 & Q3 2022
Theme of the engagement	Governance - Remuneration and Environmental - emissions
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>Insight wanted to follow up on executive remuneration which was discussed at length with Motability in 2021. Insight left the previous meeting satisfied with Motability's responses regarding the introduction of more modest remuneration packages which Insight deemed were more appropriate for the business. However, when reviewing their latest disclosures, Insight were concerned that executive pay still looked very high given the lack of competition in the market. Insight wanted to have a more detailed discussion with Motability about their sustainability strategy and plans for the future.</p> <p>Insight's engagement centred on three key areas: financing, Motability's provision of electric vehicles (EVs) and its carbon footprint. Motability is rated an ESG 3 with their in-house ratings model, and is rated 3 for Social and Governance and 4 for Environmental factors. The engagement is aligned to the following SDGs: Goal 16: Peace, Justice and Strong Institutions</p> <p>Insight began their ESG engagement with Motability in 2021 and this was their second discussion to follow up on the key concerns around remuneration. The CFO of Motability was on the call and the lead Insight analyst led the call. All engagements have been on a one to one basis to date.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>Insight are happy to see some developments in Executive remuneration, but do not feel it goes far enough given the lack of competition in the market. They will continue to engage with Motability with the intention of further influencing modest pay.</p> <p>Motability have yet to set a coherent ESG strategy with targets to measure performance. Motability stated that they were attempting to address our concerns going forward. Insight will closely monitor their progress, reviewing their SBTs and Sustainability Report as and when they are published and look to re-engage early in 2023. Insight continues to hold Motability bonds.</p>

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2041 - 2045

Name of entity you engaged	Heathrow
Year engagement was initiated	Q3 2022
Theme of the engagement	Environmental - Net Zero strategies
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	<p>Heathrow airport the largest and busiest Airport in the UK. Insight’s engagement objectives included encouraging Heathrow to strengthen and consolidate its net zero strategy (particularly on Scope 3), encouraging Heathrow’s participation in the Climate Disclosure Programme (CDP) and obtaining the Science Based Targets initiative (SBTi), which enables ambitious private sector action to set ambitious science-based emissions reduction targets.</p> <p>This engagement is aligned to SDGs 13 Climate Action.</p> <p>This was Insight’s first deep dive engagement with Heathrow on ESG topics. The meetings were hosted by Insight’s internal industrials analyst with their Treasurer.</p> <p>CO2 poses a significant challenge for Heathrow and the sector in general, given the materiality of its Scope 3 emissions and the lack of any clear technological solution to decarbonise the sector. 99.9% of Heathrow’s carbon emissions are Scope 3 (95% derives from aircraft flying and moving on the ground, 3.6% are surface access and 1.1% stem from its supply chain. Heathrow has targeted to achieve Net Zero by 2050 including scope 3. Its 2030 targets include:</p> <ul style="list-style-type: none"> - a 15% reduction in CO2 emissions from flying (mainly from use of sustainable aviation fuel SAF). - a 45% cut in CO2 from surface access, supply chain, vehicles and buildings. <p>The airport faces two challenges in its effort to decarbonise:</p> <ol style="list-style-type: none"> 1. the degree to which it can influence airlines to decarbonise fleets. 2. its net zero plan relies on technology which is costly and / or unproven (e.g. SAF, hydrogen plane etc.) <p>Heathrow is working with SBTi to obtain certification; they are hopeful they will receive it before year-end.</p>
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	<p>Heathrow were aware of CDP, and were keen to understand how Insight uses the data. Insight has requested that they participate in future.</p> <p>In Q1 2023, Heathrow received approval from the Science Based Targets Initiative (SBTi) for their 2030 carbon reduction targets, confirming they are consistent with a 1.5 degree trajectory. Heathrow is the first airport to achieve this status with SBTi’s updated 1.5 degree standard. Insight will continue to hold their bonds.</p>

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