

RoSPA Retirement and Death Benefits Plan – Implementation Statement for the year ended 5 April 2024

1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the RoSPA Retirement and Death Benefits Plan's (the "Plan") Statement of Investment Principles ("SIP") have been complied with during the year ending 5 April 2024 (the year-end date).

In preparing this statement, voting and stewardship policies, conflicts of interest and engagement have been reviewed. This review has been conducted by the Plan's investment adviser and the Trustee has reviewed and approved the conclusions within this statement. These include the exercise of rights (including voting) and undertaking of engagement activities in respect of the Plan's investments. In addition, this Statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

This Statement has been prepared by the Trustee, with the assistance of its Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Plan year end.

3. Executive summary

During the Plan year, the Trustee reviewed the Plan's investment strategy. A new strategy and funds were agreed after the Plan year end, when the transition took place. This Statement considers the funds that were held at the Plan year end and will report upon the new funds in next year's Statement.

Over the Plan year:

- The Trustee's Investment Adviser has reviewed the voting and engagement activity of the funds that invest in equities. The Trustee is generally content that the Plan's investment managers have appropriately carried out their stewardship duties.
- The Trustee is of the opinion that it has complied with the relevant policies and procedures as identified in the SIP.
- The Trustee has remained aware of the relevant policies and procedures as identified in the SIP and received input from its Investment Adviser to aid ongoing compliance.

The voting activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustee believes there is less scope to influence the practices within such arrangements. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they actively engage with their investments.

4. Investment Managers' voting and stewardship policies and activity

Trustee's voting and stewardship policies

The Trustee considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustee is unable to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustee has given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustee, with the assistance of its Investment Adviser, has reviewed the voting activities and stewardship policies of the funds.

The Trustees do not currently have any stewardship priorities in place. However, the Trustees aim to undertake a review of the Plan's stewardship priorities over the coming Plan year and review whether or not the investment managers' stewardship priorities are aligned with these thereafter. Should the voting activities and stewardship policies of an invested fund not appropriately align with the Plan's stewardship priorities, the Trustees will escalate these concerns with the relevant investment manager and if necessary review the Plan's position within the fund.

Over the Plan year, the voting activities of the following funds have been reviewed by Quantum Advisory on behalf of the Trustee:

- Schroder Intermediated Diversified Growth Fund

In addition to this, the general stewardship policies of the above fund and the funds listed below have also been reviewed by Quantum Advisory on behalf of the Trustee.

- BlackRock Fixed Income Global Opportunities Fund Hedged
- Insight LDI Enhanced Selection Fund range
- Legal & General Investment Management ("LGIM") Sterling Liquidity

The Trustee has reported on the funds that were held at the year-end date.

Managers' voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. In this statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory and the Trustee are satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year for the Schroders Life Intermediated Diversified Growth Fund.

Statistic	Schroders Life Intermediated Diversified Growth Fund
Number of equity holdings	Not provided
Meetings eligible to vote at	1,109
Resolutions eligible to vote on	14,566
Proportion of eligible resolutions voted on (%)	93.9
Votes with management (%)	89.3
Votes against management (%)	10.7
Votes abstained from (%)	0.4
Meetings where at least one vote was against management (%)	54.6
Votes contrary to the recommendation of the proxy adviser (%)	7.3

Source: Schroders. Please note that Schroders were unable to provide information to 5 April 2024, so the voting information is as at 31 March 2024.

Quantum Advisory has noted that, as a whole, the voting activity meets expectations and the Trustee is generally satisfied with the level of voting activity that has been undertaken during the Plan year.

Significant votes over the reporting year

Quantum Advisory has reviewed the most significant votes cast by the investment manager on behalf of the Trustee and, as a whole, is satisfied that these meet expectations.

The Trustee has interpreted the most significant votes to mean its choice of votes from an extended list of significant votes provided by the investment manager in accordance with the PLSA guidance.

The significant votes provided by investment manager is determined by the stewardship policies they have in place. As the Plan set stewardship priorities following the end of the Plan year, where possible, significant votes have been selected to align with the stewardship priorities of the Plan. The Trustee has reviewed and is satisfied with the significant votes undertaken during the Plan year.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

Schroders

Schroders' corporate governance specialists are responsible for monitoring and identifying situations that could give rise to a conflict of interest when voting in company meetings.

Where Schroders itself has a conflict of interest, as defined above, with the fund, the client, or the company being voted on, they will follow the voting recommendations of a third party (which will be the supplier of their proxy voting processing and research service). Examples of conflicts of interest include (but are not limited to) where:

- The company being voted on is a significant client of Schroders.
- The Schroders employee making the voting decision is a director of, significant shareholder of or has a position of influence at the company being voted on.
- Schroders or an affiliate is a shareholder of the company being voted on.
- There is a conflict of interest between one client and another.
- The director of a company being voted on is also a director of Schroders plc.
- Schroders plc is the company being voted on.

Schroders have not confirmed which, if any, of the conflicts they were exposed to during the Plan year.

BlackRock

BlackRock have refrained from directly commenting on which conflicts of interest, detailed above, it is impacted by. Instead, BlackRock refers investors to its conflicts of interest policies, which include several examples of conflicts and how these might be managed.

This accessed further at the following links:

<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

<https://www.blackrock.com/corporate/literature/publication/blk-statement-conflicts-of-interest.pdf>

Insight

Insight confirmed they are frequently affected by the following two areas:

- Conflicts that arise due to divergences between the responsible investment policies of Insight and the responsible investment policies of the client; and
- Potential divergences between the interests of Insight's clients and their beneficiaries.

The issues are generally related to the divergence between client interests and their beneficiaries' interests, rather than conflicts between Insight's interests and those of the clients. Issues highlighted have been resolved through engagement with the client to obtain instruction for how to proceed. The discussions seek to balance financial, and non-financial considerations to establish the correct approach. In all cases, Insight have identified and resolved issues in partnership with clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight further evolve their approach, they believe conflicts are more likely to arise as a result of legal changes; net-zero emissions goals; or the introduction of additional firmwide Environmental, Social and Governance ("ESG") / stewardship-related policies which need to be implemented, such as firmwide exclusion lists. Conflicts of interest will need to be addressed on a case-by-case basis to address the different implications which clients may be exposed to.

LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. In place of providing a direct response, LGIM referred the Trustee to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-conflicts-of-interest.pdf

The Trustee has reviewed the conflicts of interest policies for the Plan's managers.

Appendix 1 – Investment manager stewardship policies and procedures

Schroders

As active owners, Schroders recognises their responsibility to make considered use of voting rights. They therefore vote on all resolutions at all AGMs/EGMs globally unless restricted from doing so (e.g. as a result of share blocking).

Schroders aims to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their Proxy Voting Policy.

Their overriding principle governing voting is to act in the best interests of clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders will vote against resolutions. They may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluates voting resolutions arising at investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of clients. Corporate Governance specialists assess each proposal and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Their specialists will draw on external research, such as that provided by Glass Lewis (GL), the Investment Association's Institutional Voting Information Services and public reporting. Schroders' own research is also integral to their process; this will be conducted by both financial and Sustainable Investment analysts. For contentious issues, Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders. In Q4 2023, Schroders switched vendor from ISS to GL who act as their one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with their own bespoke guidelines, in addition Schroders receives ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

GL automatically votes all holdings of which Schroders owns less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. Schroders states that this ensures consistency in voting decisions as well as creating a more formalised approach to their voting process.

BlackRock

BlackRock are guided by their global policies when evaluating their responsibilities in investment stewardship. As part of this BlackRock believes that companies should have appropriate governance structures in place to protect the interests of shareholders and other stakeholders, while also creating sustainable value. Although BlackRock tend to focus on equity stewardship, as these securities have more scope to influence positive change, BlackRock also assess downside ESG risks when evaluating fixed income securities. This comes in terms of evaluating these risks when determining the portfolio allocation and engaging with bond issuers to gain insights on their ESG risks and practices. ESG risk analysis also extends to private market investments, where BlackRock may also hold board or advisory seats with the company and advise on ESG initiatives.

BlackRock have developed high-level principles (“BlackRock’s Global Corporate Governance and Engagement Principles”) which set the framework for their voting on equity securities. These are publicly accessible on the following website (<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>).

Their voting guidelines are market specific, and consider a company’s unique circumstances, where relevant. BlackRock inform their voting decision through research and engage as necessary.

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (“BIS”), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Corporate Governance and Engagement Principles and market-specific guidelines.

While BlackRock subscribe to research from the proxy advisory firms ISS and GL, they do not follow any single proxy research firm’s voting recommendations. BlackRock use several other inputs, including a company’s own disclosures, and their record of past engagements, in their voting and engagement analysis.

Blackrock use ISS’s electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision.

Insight

Insight Investment’s philosophy and approach towards responsible investment places an emphasis on the integration of responsible investment and stewardship principles within investment decision-making. Insight has a responsible investment policy to include a corporate conduct statement (outlining what is expected from corporates in which it invests) and has sovereign ESG impact ratings to evaluate how countries are aligned with the UN Sustainable Development Goals.

Insight retains the services of Minerva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva Analytics provides research expertise and voting tools. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Where contentious issues are identified, these are escalated to Insight for further review and direction. Please note, however, that Insight does not have voting rights for the funds held by the Plan.

LGIM

LGIM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported.

LGIM’s Investment Stewardship team make all voting decisions, in accordance with LGIM’s Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Appendix 2 – Most significant votes

The table below sets out a cross section of significant votes undertaken by the investment manager of the fund held by the Plan. Information on further significant votes undertaken by the Plan’s investment managers has been reviewed by Quantum Advisory on behalf of the Trustee.

Schroders Intermediated Diversified Growth Fund

Company Name	Synopsys, Inc.	Valero Energy Corporation	Amazon.com, Inc.
Date of vote	April 2023	May 2023	May 2023
Summary of the resolution	Elect Director Janice D. Chaffin	Report on Climate Transition Plan and GHG Emissions Reduction Targets	Commission a third party audit on working conditions
Size of the holding (% of portfolio)	Not provided	Not provided	Not provided
How the firm voted	Against the proposal	For the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	Voted against management. Schroders did not confirm if their intention was communicated to management beforehand.	Voted against management. Schroders did not confirm if their intention was communicated to management beforehand.	Voted against management. Schroders did not confirm if their intention was communicated to management beforehand.
On which criteria has the vote been deemed as ‘significant’?	A vote against was applied by Schroders as the average board tenure is considered excessive. The Trustee considers this vote significant as it relates to board structure/accountability.	Schroders applied a vote for as they welcome additional disclosure around the steps the company is taking to reduce its GHG emissions. The Trustee considers this vote significant as it relates to climate-related risks.	Schroders voted for the resolution as they believe a third-party audit of warehouse working conditions would allow shareholders to better assess how the company is managing safety-related risks, and building and implementing a strong culture of safety. The Trustee considers this vote significant as it relates to health and safety.

Outcome of the vote	Not provided	Not provided	Not provided
Does the trustee/ asset manager intend to escalate stewardship efforts?	Schroders will continue to engage with their investee companies and monitor company and market-level progress.	Schroders will continue to engage with their investee companies and monitor company and market-level progress.	Schroders will continue to engage with their investee companies and monitor company and market-level progress.

Source: Schroders.