

# **Buck Consultants UK Pension Scheme**

## **Engagement Policy Implementation Statement for the year ending 30 June 2024**

### **Introduction**

The Trustee of the Buck Consultants UK Pension Scheme has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can endeavour to influence an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 30 June 2024. This statement also describes the voting behaviour by, or on behalf of, the Trustee including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustee, in conjunction with their investment consultant, appoints their investment managers and chooses the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments (including environmental, social and governance (ESG) factors), and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee has currently decided not to take non-financial matters into account when considering their policy objectives.

### **Stewardship - Monitoring and Engagement**

The Trustee recognises that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments, gilt and liability-driven investments. As such the Scheme's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

The Trustee also delegates responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

<b>Investment manager</b>	<b>UN PRI Signatory</b>	<b>UK Stewardship Code Signatory</b>
LGIM	Yes	Yes
Partners Group	Yes	Yes
Pemberton	Yes	No

The Trustee has not set out its own stewardship priorities but follows that of the investment managers.

The Trustee will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustee from time to time.

If the Trustee finds any manager's policies or behaviour unacceptable, it may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

### **Investment Manager Engagement Policies**

The Scheme's investment managers are expected to have developed and publicly disclosed an Engagement Policy. This policy, amongst other things, provides the Trustee with information on how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to investment managers' Engagement Policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's websites.

The latest available information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

<b>Engagement</b>		
	<b>LGIM Future World Global Equity Index GBP Hedged</b>	<b>LGIM Maturing B&amp;M Credit 2030-2034</b>
Period	01/07/2023-30/06/2024	01/07/2023-30/06/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	
Number of companies engaged with over the year	1256	155
Number of engagements over the year	1951	298

<b>Engagement</b>	
	<b>LGIM Maturing B&amp;M Credit 2035-2039</b>
Period	01/07/2023-30/06/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.
Number of companies engaged with over the year	87
Number of engagements over the year	171

### **Exercising Rights and Responsibilities**

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustee has been provided with details of what each investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of

significant votes but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustee has selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustee did not communicate with the manager in advance about the votes they considered to be the most significant.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustee does not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour and any positive outcomes.

The Trustee considers the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (for mandates that contain public equities) is as follows:

Voting behaviour	LGIM Future World Global Equity Index GBP Hedged
Period	01/07/2023-30/06/2024
Number of meetings eligible to vote at	5,379
Number of resolutions eligible to vote on	54,867
Proportion of votes cast	99.8%
Proportion of votes for management	80.4%
Proportion of votes against management	19.0%
Proportion of resolutions abstained from voting on	0.6%

*Figures may not sum exactly due to rounding.*

None of the Scheme's other investment managers are shown in the table above since they do not have public equity voting rights.

### **Trustee's Assessment**

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee has reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

## Appendix

Links to the engagement or relevant policies for each of the investment managers can be found here:

<b>Investment manager</b>	<b>Engagement policy</b>
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf</a>
Partners Group	<a href="https://www.partnersgroup.com/~/_media/Files/P/Partnersgroup/Universal/about-us/our-impact/responsible-investment/sustainability-report-2023.pdf">https://www.partnersgroup.com/~/_media/Files/P/Partnersgroup/Universal/about-us/our-impact/responsible-investment/sustainability-report-2023.pdf</a>
Pemberton	<a href="https://pembertonam.com/wp-content/uploads/2024/07/Sustainable-Investing-Report-2023-24.pdf">https://pembertonam.com/wp-content/uploads/2024/07/Sustainable-Investing-Report-2023-24.pdf</a>

Information, for the period ending 30 June 2024, on the most significant votes for each of the funds containing public equities is shown below.

<b>LGIM Future World Global Equity Index GBP Hedged</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Date of Vote	2023-12-07	2024-02-28	2024-05-22
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.5	4.5	1.8
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 6: Report on Customer Due Diligence
How the fund manager voted	Against	Against	For
Where the fund manager voted	LGIM publicly communicates its vote	LGIM publicly communicates its vote	LGIM publicly communicates its vote

against management, did they communicate their intent to the company ahead of the vote	instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics	instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics	instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Shareholder Resolution - Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.
Outcome of the vote	N/A	Fail	N/A
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

<p>Criteria on which the vote is assessed to be “most significant”</p>	<p>Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.</p>	<p>Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>	<p>Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, we believe that Amazon’s approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company’s functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon’s coverage and reporting of risks falls short of our baseline expectations surrounding AI. In particular, we would welcome additional information on the</p>
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internal education of AI and AI-related risks.

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2023 (latest available) is shown below:

<b>LGIM – Firm Level</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with	Aegon Ltd	Sainsbury's	Exxon Mobil
Topic	Governance	Social: Income inequality - living wage (diversity, equity and inclusion)	Environment: Climate change (Climate Impact Pledge)
Rationale	"Following the disposal of Aegon Netherlands to ASR, Aegon no longer had insurance activities in the Netherlands. This transaction had transformed Aegon into an international insurance and asset management company. Since now over 99.5% of Aegon's insurance businesses are not located in jurisdictions where Solvency II is the governing capital framework, Aegon made the decision to redomicile in Bermuda under the supervision of the Bermuda Supervision Authority (BMA). This required a vote by shareholders at an Extraordinary General	"With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is the second largest supermarket in the UK. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited. Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and	"As one of the world's largest public oil and gas companies, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US. At LGIM, LGIM believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, LGIM publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100

<p>Meeting on 30 September. While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impacted shareholders rights, and potentially its capital position. The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for share buybacks; and (3) No shareholder approval would be required for annual final dividend payments, amongst other issues. Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight their concerns on the weakening of shareholder rights under the proposed redomicile and amendments to the Company's Articles of Incorporation. Given concerns amongst investors and third-party service providers, such as ISS, LGIM sought to lend their voice to</p>	<p>diversity and inclusion is an important aspect of their stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, their work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency. As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their Tier 1 and ideally Tier 2, supply chains. LGIM expects the company board to challenge decisions to pay employees less than the living wage. LGIM asks the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. In the midst of the pandemic, LGIM went</p>	<p>companies for 'in-depth' engagement - these companies are influential in their sectors, but in their view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. Their in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag their minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). Their Climate Impact Pledge 'red lines' for the oil &amp; gas sector are:</p> <ul style="list-style-type: none"> <li>- Has the company committed to net-zero operational emissions?</li> <li>- Does the company have time-bound methane</li> </ul>
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	<p>influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, LGIM wanted to better understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders."</p>	<p>a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern. UN SDG 1: No poverty and SDG 8: Decent work and economic growth"</p>	<p>reduction/zero flaring targets? - Does the company disclose its climate-related lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario? UN SDG 13: Climate action"</p>
<p>What the investment manager has done</p>	<p>LGIM was in touch with Aegon's Investor Relations team in early September ahead of a planned meeting with the CEO and management team at a roadshow in the US. LGIM noted their initial concerns with some of the proposed changes to the Company's Articles of Incorporation following the redomicile to a lower shareholder rights jurisdiction. This concern was also picked up by the main proxy advisory firms, ISS and Glass Lewis, who recommended negatively in respect of the proposed move. Following</p>	<p>LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, LGIM then joined ShareAction in co-filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer. This escalation succeeded</p>	<p>LGIM has been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in their discussions and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. Levels of individual typically engaged with include the Head of</p>

<p>engagement on 14 September, Aegon announced amended proposals on 15 September, that now provided for enhanced shareholder rights to more closely align with provisions previously in place, especially around capital management authorities. LGIM also met with Aegon's CEO on 18 September. Given the importance of the vote on the Company's business performance, but potential negative effects on shareholder and creditor rights, the meeting was attended by the investment stewardship team as well as credit analysts both in London and the US. There was another follow-up meeting with the CEO only two days later, where changes to the proposals were discussed.</p>	<p>insofar as, in April 2022, Sainsbury's moved all its London-based employees to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, cleaners and security guards, operating within Sainsbury's operations were excluded from the uplift. In the previous four years LGIM had held eight company meetings with Sainsburys, with the continued main focus on social inequality, whilst also covering broader topics such as capital management and biodiversity. LGIM met with the CEO as well as the Chairman. In 2023, LGIM led its own campaign on income inequality where LGIM targeted the largest global food retailers. Sainsbury's is one of the 15</p>	<p>Sustainability, Lead Independent Director, the Company Secretary and Investors Relations. Their regular engagements with Exxon Mobil have focused on their expectations under the Climate Impact Pledge, as well as several other material issues for the company, including capital allocation and business resiliency. The improvements made have not so far been sufficient in their opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with their Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, their engagement with the company continues. In terms of further voting activity,</p>
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companies LGIM is targeting. The campaign has as a consequence, a vote against the Chairman if their minimum requirements are not met by the time of their AGM in 2025.

in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting their continued wish for the company to take sufficient action on climate change in line with their minimum expectations. Further escalating their engagement, LGIMA and CBIS co-filed a shareholder resolution at Exxon's 2023 AGM, requesting the company to disclose the quantitative impact of the IEA NZ scenario on all asset retirement obligations (AROs). The proposal was centered around disclosure and seeking greater insight into the potential costs associated with the decommissioning of Exxon's assets in the event of an accelerated energy transition. LGIM believe this is a fundamental level of information for the company's shareholders, in light of growing investor concerns about asset retirement obligations (AROs) in a carbon

			constrained future, and that it is financially material information. The proposal received over 16% support from shareholders which, although lower than LGIM would have liked, demonstrates an increasing recognition of the importance of this issue for investors.
Outcomes and next steps	<p>With pressure applied on the Company by both investors and proxy advisers, LGIM was able to push for improved shareholder rights and amended terms ahead of the vote taking place at the EGM.</p> <p>Both ISS and Glass Lewis changed their vote recommendations on the proposal upon the announcement on 15 September by the Company of changed terms and commitments, and LGIM felt comfortable to support all resolutions at the EGM. The redomicile of Aegon was overwhelmingly approved by shareholders with 98.7% of shares voted in favour.</p>	<p>Since LGIM co-filed the shareholder resolution in 2022, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcomes these actions which demonstrate the value the board places on its workforce. LGIM continues to engage with Sainsburys and have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff. While the company may have been in the process of raising salaries, their</p>	<p>Since 2021, LGIM has seen notable improvements from Exxon Mobil regarding their key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, improved disclosure of lobbying activities and more recently, the commitment made by the company to join the leading global partnership on methane, OGMP 2.0. However, there are still key areas where LGIM requires further improvements, including inclusion of Scope 3 emissions targets, further quantifiable disclosure of business resiliency and asset retirement</p>

campaigned engagement and shareholder resolution would have fast tracked the end result. It has also made the company aware of how important this topic is to their investors. LGIM is continuing to engage with Sainsbury's, both individually and collaboratively with the ShareAction Good Work Coalition, and have met with them a number of times during 2023 as part of their living wage campaign, directed at 15 large global supermarkets. In addition to setting objectives regarding the living wage for these companies' own operations, LGIM also expects them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains. LGIM has been engaging with the Chairman, the Chief Executive and investor relations in relation to their expectations. The milestones set under this campaign relate to expectations that, should they be achieved, they would not only improve wages for significant obligations across relevant scenarios, capital allocation, and improving the level of ambition regarding interim targets. LGIM is also seeking further transparency on their lobbying activities. The company remains on their divestment list (for relevant funds), but their engagement with them continues. In terms of their next steps, LGIM will continue their direct engagements with the company under their Climate Impact Pledge and separately, to better understand challenge Exxon on their approach to the energy transition, where financial material issues such as disclosure the potential costs to retire their long-lived assets and decarbonisation levers being some of the key discussion points. LGIM will also be engaging with proxy advisors and fellow investors to better understand their voting rationale. LGIM was pleased to see progress from the company in terms of joining the Oil and Gas Methane Partnership ('OGMP')

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numbers of low-paid workers around the world but also, given these companies' influence in their respective countries and supply chains, LGIM would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. LGIM would hope that this would improve the livelihood of thousands of workers and their families and also boost GDP. LGIM may consider co-filing some shareholder resolutions in 2024 at some of the companies targeted under this campaign.

2.0 – the flagship oil and gas reporting and mitigation programme on methane, of which many global oil and gas companies, including BP and Shell, are already members. LGIM has been working closely and collaboratively with EDF to raise awareness of the issue (letters, meetings, public statements) and applying pressure on oil and gas companies to join the OGMP initiative since 2021 – Exxon being one of them, through their direct engagements with the company under their Climate Impact Pledge. Exxon had demonstrated reluctance, previously, to sign up to the OGMP and LGIM voted in favour of a shareholder resolution tabled at its 2023 AGM, requesting that the company produce a report on methane emission disclosure reliability, which received 36.4% support from shareholders. Public and shareholder pressure, growing membership of the OGMP and Exxon's recent acquisition of OGMP member



Pioneer Natural Resources appear to have swayed the company towards greater transparency. Greater transparency is crucial in terms of enabling markets and investors to accurately price climate-related risks and opportunities which, in turn, is an incentive for companies to make the changes LGIM is seeking.

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