



Amey OS Pension Scheme (‘Scheme’)

30 September 2022 Implementation
Statement

February 2023

Schroders' Solutions Disclaimer:

The Implementation Statement is a regulatory requirement under the 2018 changes to the Occupational Pension Schemes (Investment) Regulations 2005. It is important that the Trustee of the Scheme understand and consider financially material Environmental, Social and Governance ("ESG") factors and consider its own stewardship obligations. A failure to do this puts the Trustee at risk of breaching your legal duties.

This is a Trustee document and the Trustee must review the Implementation Statement draft, provided by its investment adviser, and confirm that they have considered the content prepared and reviewed any associated documentation such as voting policies.

1. Introduction

The Trustee is required to make publicly available online a statement (“the Implementation Statement”) covering the Amey OS Pension Scheme (‘the ‘Scheme’) in relation to the Scheme’s Statement of Investment Principles (the “SIP”).

The Trustee for each of the three sections in the scheme: the Amey Section, the Accord Section and the APS Section, has prepared this implementation statement in compliance with under the 2018 changes to the Occupational Pension Schemes (Investment) Regulations 2005.

The SIP was amended once during the year ending 30 September 2022, and the changes made were predominantly for the transition to the new fiduciary manager (Schroders IS Limited), formerly known as River and Mercantile Investments Limited. The SIP has also been updated over the last 3 years to account for ESG considerations and the Trustees is looking to update the SIP next year following the Scheme buy-in.

This SIP came into force from 17 December 2021.

A copy of the current SIP signed and dated December 2021 can be found here

https://my-amey-os-pension.com/docs/librariesprovider25/sips/statement-of-investment-principles.pdf?sfvrsn=de8dc0f5_10

This Implementation Statement covers the Scheme year from 1 October 2021 to 30 September 2022 (the “Scheme Year”). It sets out:

- How the Trustee’s policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A copy of this Implementation Statement is available on the following website:

https://my-amey-os-pension.com/docs/librariesprovider25/implementation-statement/implementation-statement.pdf?sfvrsn=bf3ccaf5_4

2. How the Trustee’s policies on exercising voting rights and engagements have been followed over the Scheme Year

The Scheme invests in assets with voting rights attached, and other assets with no voting rights. The Trustee’s policies on exercising voting rights and engagement are set out in the SIP. The Trustee made no changes to the voting and engagement policies contained in the SIP during the year.

The Trustee retains the Fiduciary Management¹ service of **Schroders IS Limited**, formerly known as **River and Mercantile Investments Limited**, as their Investment Manager and Adviser (it is referred to as the "**Fiduciary Manager**" in the Implementation Statement). The Fiduciary Manager can appoint other investment managers in respect of underlying investments (these are referred to as "**Underlying Investment Managers**"). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

A copy of the SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustee’s policies on corporate governance and other financially material considerations when providing Fiduciary Management services. In particular, the Trustee requires that the Fiduciary Manager considers stewardship activity including voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, when choosing new or monitoring existing Underlying Investment Managers.

The Trustee believes it is appropriate to delegate such decisions in order to achieve an integrated and joined up approach to ESG factors, voting and engagement. Similarly, the Trustee has not sought to set their own voting policy, a position they do not intend to change at this time.

Investments with the Underlying Investment Managers are generally made via pooled investment funds, where the Scheme’s investments are pooled with those of other investors. With these funds, the direct control of the process of engaging with the companies that issue the underlying securities lies with the Underlying Investment Manager.

The Trustee has received trainings on the latest regulatory update from Depart for Work and Pensions and ensured that their stewardship priorities align with their Fiduciary Manager’s engagement themes over the Scheme Year. The Trustee believes the Fiduciary Manager’s engagement themes/priorities (listed in section 3) are issues which are material to the long-term value of the investments. The Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme. These issues also reflect expectations and trends across a range of stakeholders and by strengthening relationships with these stakeholders, business models become more sustainable.

¹ The Fiduciary Manager was acquired by Schroders Group on 1 February 2022, so two sets of engagement priorities/themes were applicable to the Scheme during the Scheme Year. Details of both sets of engagement themes can be found in the next section. Going forward, the Fiduciary Manager’s engagement priorities will be aligned with the priorities of the broader Schroders Group.

The Trustee believes the current approach to stewardship is in members’ and beneficiaries’ best interest, as the voting and engagement carried out by both Fiduciary Manager and Underlying Investment Managers is expected to improve ESG related risk management and climate risk, and ultimately this is expected improve the financial outcome for the Scheme’s members.

Over the Scheme Year, the Fiduciary Manager provided the Trustee with monitoring of the ESG characteristics including TCFD (“Taskforce for climate-related financial disclosures”) carbon metrics of the portfolio on a quarterly basis. The Trustee is satisfied with the Fiduciary Manager’s activity in this area.

On behalf of the Trustee, monitoring of voting and engagement policy by Underlying Investment Managers in relation to the Scheme's investments was carried out by the Fiduciary Manager through regular investment and operational due diligence meetings with the Underlying Investment Managers. In addition, the Trustee with the help of the Fiduciary Manager, monitors the performance of the Underlying Investment Managers against the agreed performance objectives at Trustee meetings held during the Scheme Year.

In addition, the Trustee conducted an ESG beliefs survey during the Scheme Year and received training on topics such as Climate Risk, and ESG in the Fiduciary Management solutions.

Following activity during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the Statement of Investment Principles over the Scheme Year. Please note that members’ views on non-financial matters have not been sought during the preparation of this implementation statement.

The Trustee has identified areas in which it can enhance its stewardship activities in the following scheme year by:

- Identifying ESG beliefs and areas of priority to aid in stewardship and focus engagement.
- Reviewing the Fiduciary Manager’s (Schroders Solutions) latest ESG-related policies.
- Continuing to review the Fiduciary Manager on its ESG integration and its own stewardship activities over the year.

3. Voting and Engagement Summary

The process for exercising voting rights and engaging with the managers of assets held on behalf of the Scheme is as follows:

1) Engagement and the exercise of voting rights delegated to the Fiduciary Manager

The Fiduciary Manager exercises voting rights and engages with the Underlying Investment Managers on behalf of the Trustee in line with voting and engagement policies that sets out how the Fiduciary Manager will aim to vote at a general meeting of a pooled fund or how the Fiduciary Manager approaches engagement with Underlying Investment Managers and intended outcomes.

2) The Underlying Investment Managers exercise voting rights in the underlying securities and engages with the company issuing the security in line with the policies voted on by the Fiduciary Manager. One of the Underlying Investment Managers, Bank of New York Mellon (“BNYM”), uses a proxy voting company called Institutional Shareholder Services (“ISS”) to exercise these rights on its behalf and monitors ISS’s activities accordingly. Similarly, Vanguard Investment Stewardship also uses the Institutional Shareholder Services (ISS) Proxy Exchange platform for the execution of their votes.

The Trustee has considered the voting behaviour (provided in the Appendix) along with engagement activity that took place on their behalf during the Scheme Year within the growth asset portfolio, cashflow matching credit portfolio and the liability hedging portfolio and is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting activity, challenges to management and active engagement on a range of relevant topics.

Specifically, the Trustee noted that:

- Each relevant manager demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Underlying Investment Managers showed they carried out a good level of engagement activities over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- There are two set of engagement priorities/themes from the Fiduciary Manager which the Trustee considered in this Implementation Statement. Examples were provided in the appendix and they were selected to demonstrate how the Fiduciary Manager & Underlying Investment Managers, on behalf of the Trustee, voted and engaged with the investee companies. Those engagement priorities and themes are set out below:
 - For R&M Solutions engagement priorities up to January 2022 (which will be aligned with Schroder Solutions’ going forward given the acquisition of the business):
 - **E** - Climate change: carbon emissions and footprint of our funds
 - **S** - Human capital: employee engagement and satisfaction
 - **G** - Corporate governance: board composition, executive pay / compensation
 - For Schroder Solutions’ engagement themes (from February 2022 onwards):
 - **Climate:** Climate risk and oversight, Climate alignment including decarbonising and minimising emissions, climate adaptation and carbon capture and removal
 - **Natural Capital and Biodiversity:** Nature-related risk and management, circular economy, pollution and waste, sustainable food and water, deforestation
 - **Human Rights:** Overarching approach to human rights, works and communities, customers and consumers

- **Human Capital Management:** Corporate culture and oversight, investment in the workforce, engagement and representation, health, safety and wellbeing
 - **Diversity and Inclusion:** Board diversity and inclusion, executive & Workforce diversity and inclusion
 - **Corporate Governance:** Board and management, executive remuneration, relationship with shareholders
- For the Scheme, the general themes of the voting and engagement activity carried out by the Underlying Investment Managers were in relation to environmental issues, and corporate governance. Executive pay, board diversity and improving social outcomes were the other main themes identified - in line with the Fiduciary Manager's engagement priorities set out above.
 - On behalf of the Trustee, the Scheme's Fiduciary Manager have also identified five Underlying Investment Managers who will be the engagement targets over the next scheme year. The main engagement themes include working with those Underlying Investment Managers to create formalised ESG related investment policies and improving the board independence and diversity.
 - As a result of the Russia-Ukraine war, the Fiduciary Manager has implemented a no-Russia investments policy, and by the end of March 2022, Schroders Solutions had begun removing any Russia exposures from the portfolio and engaging with underlying managers who continue to hold exposures. The Trustee is supportive of this approach and receives updates from the Fiduciary Manager on the success of its engagements in this area. An example where the Fiduciary Manager has been successful with engaging with underlying managers is with a hedge fund manager within the alternatives allocation of the Fiduciary portfolio. As a result of the recent engagement with the manager seeking to maintain client investment without exposure to certain Russian assets, the fund now has no exposure to Russia and Belarus and the exclusion of cannabis companies. Additionally, all existing fund terms remain unchanged (fees, liquidity, valuation methodology).

Some details of the voting and engagement from the Scheme's Underlying Investment Managers are set out below:

- Within the Scheme's portfolio, **BNYM Global Equity Fund** makes up the majority of the Scheme's investments in return-seeking equity assets, the Trustee noted that BNYM prioritised engagement with each of their underlying holdings on areas largely in line with Schroders Solutions' engagement themes. The BNYM annual 2021 and semi-annual 2022 proxy voting reports (links included in Appendix) were reviewed by the Trustee. The proxy voting report includes details of the significant votes and engagement examples covering a board range of underlying investment companies.
- An example would be their engagement with an is an American multinational food processing and commodities trading corporation. In May 2022, BNYM voted for a shareholder proposal requesting that the company report on how the company is measuring its use of pesticides that cause harm to human health and environment in its agricultural supply chains. The company does not currently provide targets on pesticide use which lagged its peers. Although the proposal did not pass, Mellon will continue to engage with the company to disclose more information on how the company is managing supply chain risks around this topic.
- For the largest mandate within the return-seeking credit assets, engagement on improving risk controls and governance structure was noted as a significant example. The manager engaged with a leading global aerospace company on factors to which MSCI assigned a Very Severe Controversy flag. Through continued engagement over a 4 year period, the company has addressed the manager's concerns regarding its governance and risk controls. An example of the engagement's success was the change in Executive compensation to having an increased focus on operational performance tied to product safety, employee safety and quality, along with climate and DEI criteria. Additionally the company improved risk controls following their engagement with the manager, by implementing safety and quality management systems along with creating an independently managed safety committee.
- For the Cashflow Matching Credit mandate, an example of Insight's engagement with a Mexican telecommunications corporation was noted. Insight identified that the company had poor governance scores with concerns about the board's limited diversity, independence and skills. Through their

engagement, Insight pushed the issuer to set targets related to board representation and diversity. The company were open to the manager's feedback and have made improvements such as achieving a new target they had set to increase the board's female representation. Insight will continue to monitor the success of this engagement by tracking the company's progress in setting and meeting its targets in this area.

- In relation to the liability hedging, the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors, and ESG scores for counterparties are regularly monitored. The Scheme is also invested in green gilts supporting the UK Government's commitments to achieving the Paris Agreement goals. The different sections' allocation in Green Gilts was as at 30 September 2022 as follows
 - Amey Section - £0.6m (c.5% of total LDI).
 - Accord Section - £0.3m (c.1.2% of total LDI)
 - APS Section - £1.4m (c.1.1% of total LDI)

The Trustee is satisfied that the voting and engagement activity undertaken by the Fiduciary Manager and Underlying Investment Managers was in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time. The Trustee will keep the position under review.

Appendix 1 – Voting & Engagement statistics

1. Voting and engagement by the Fiduciary Manager (Schroders IS, formerly known as R&M) in relation to underlying pooled funds held on behalf of the Trustee

Most of the rights and voting regarding the Scheme’s investments relate to underlying securities investment via pooled funds managed by Underlying Investment Managers – this is covered in part 2 below. However, the pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustee and we cover these here.

Over the year to 30 September 2022, the Fiduciary Manager voted on 67 resolutions across 22 meetings. The Fiduciary Manager voted against management on 7 resolutions which was 10.4% of total resolutions and abstained on 2 resolutions (3.0% of the total resolutions).

The Schroders IS Investment Research team engaged with Underlying Investment Managers regarding their clients’ pooled fund investment on 67 resolutions during the 12 months period. The engagement topics covered a range of areas including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Over the Scheme Year, the Fiduciary Manager also

- engaged all Underlying Investment Managers on their plans relating to net zero and will engage on a regular basis with those who do not have any net zero target or plan to decarbonise;
- engaged with significant Underlying Investment Managers (in particular, BNYM) on the quality of its voting and engagement as the Fiduciary Manager is not satisfied with the quality of data currently provided.
- reviewed all Underlying Investment Managers against its updated proprietary ESG manager rating framework and will prioritise its engagement with five managers where ESG-related issues have been identified. The Fiduciary Manager plan to report back to the Trustee in the next Implementation Statement on progress. The top engagement themes are set out in the table below:

Top engagement themes	
Manager A – Equity	<ul style="list-style-type: none"> ▪ Board independence and diversity ▪ Incorporating ESG into employee training and appraisals/remuneration ▪ Voting policy and engagement processes
Manager B – Alternatives	<ul style="list-style-type: none"> ▪ Integrating ESG into corporate by signing up to voluntary standards and formalising policies ▪ Board independence and diversity ▪ Formalise voting and engagement policy
Manager C – Alternatives	<ul style="list-style-type: none"> ▪ Integrating ESG into corporate by signing up to voluntary standards and formalising policies ▪ Formalise voting and engagement policy ▪ Formalise ESG investment policy
Manager D – Alternatives	<ul style="list-style-type: none"> ▪ Formalise diversity policy ▪ Formalise voting and engagement policy

	<ul style="list-style-type: none"> Formalise ESG investment policy
Manager E – Alternatives	<ul style="list-style-type: none"> Creation of ESG working group to look into voluntary standards and formalising ESG policies within the business. Formalise diversity policy Formalise ESG investment policy

2. Voting by the Underlying Investment Managers on securities held on behalf of the Trustee

There are c. 20 Underlying Managers used by the Investment Manager. Set out below is the voting statistics for the most material equity holdings that held voting rights during the period, namely BNY Mellon Global Equity and Vanguard FTSE All World ETF Fund. Within other asset classes there are no voting rights. However, engagement activity is very important and so examples of engagement activity for the managers that represent 2.5% or more of the portfolio have also been discussed with the Trustee as described in section 3 above.

Summary of voting activity – Equity mandates

	BNYM Global Equity Fund	Vanguard FTSE All World ETF Fund
Total meetings eligible to vote	910	5,610
Total resolutions eligible to vote	11,462	58,365
% of resolutions did you vote on for which you were eligible?	99%	97%
% did vote with management?	91%	92%
% vote against management?	7%	6%
% abstained	1%	2%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2%	0%

Note:

- BNYM uses Institutional Shareholder Services, “ISS”, for proxy voting services.
- Vanguard Investment Stewardship uses the Institutional Shareholder Services (ISS) Proxy Exchange platform for the execution of their votes.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM does not use PLSA template. We included votes withheld in votes abstained for BNYM to be in line with the PLSA template, although there are differences between votes withheld and votes abstained. BNYM also did not vote on 1% of the overall proposals.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

3. Examples of most significant votes and engagements carried out by the Underlying Managers

Engagement priorities	Examples
Climate change	Caterpillar, Bank of Montreal, ADM
Human capital	Visa Inc., J Sainsburys
Corporate governance	Equifax, Intel

BNYM Global Equity Fund

Visa, Inc.

Mellon believes that human capital management is an area that should be a focus for all companies regardless of industry or size, as a company's employees are the foundation for their success.

BNY Mellon engaged with the Chief Sustainability Officer and Director of ESG Management at Visa as they wanted an update on the progress being made on the company's public goals of increasing diversity specifically at the VP level and above in the US. They specifically wanted more information on internal leadership development programs and scholarships/internships focusing on diverse students.

In order to better understand how the programs are growing and serving their stated goals, the manager requested specific examples of programs in Visa's disclosures. Mellon plan to continue focussing on the progress and transparency in disclosures from Visa in this area.

Mellon asks companies that they improve their transparency in reporting on human capital-related metrics. If there is a perceived failure of companies adhering to this request, Mellon will take voting action against the board committee responsible for human capital oversight.

Intel Corporation

Remuneration is a key theme Mellon focuses on in engagement as well as voting as they believe that a large amount of shareholder value can be lost through poor remuneration practices and poor executive succession planning. Mellon engages on remuneration with all companies, however puts a specific focus on companies that have failed their advisory votes or where advisory votes receive less than 70% support.

Intel was chosen as an engagement example as Mellon did not support the Company's previous remuneration structure when a new CEO was put into place, and the company failed their advisory remuneration vote.

Engaging with the Compensation Committee Chair; other members of the legal team and the Comp and Benefits team, Mellon inquired as to why Intel did not survey shareholders for their input before the remuneration scheme was put into place.

The outcome of this engagement was positive as the company made changes to the new CEO's remuneration structure. Mellon will continue to monitor remuneration decisions at the company and will withhold support for comp committee members if the company does not stick to their commitment.

EQUIFAX, INC.

Mellon met with Equifax on December 9, 2021. BNY have engaged with Equifax since 2015 to improve compensation practices. As a result of their discussions, Equifax aligned its compensation to have a more performance-based long-term incentive plan (LTIP), in line with Mellon's guidelines. Equifax noted that Underlying Manager's feedback over years of engagement was a catalyst of change for its compensation structure.

ARCHER-DANIELS-MIDLAND COMPANY

In May 2022, Mellon supported a shareholder proposal requesting a report explaining if and how the company is measuring its use of pesticides that cause harm to human health and the environment in its agricultural supply chains. Archer-Daniels-Midland does not currently provide targets on pesticide use when many of their peers do. In instances where supply chain concerns could pose a material risk to a company, Mellon prefer that companies be as transparent as possible in disclosing their processes and data around managing this risk. The proposal did not pass, and we will continue to encourage Archer-Daniels-Midland to disclose more information on how the company is managing supply chain risks around this topic.

Vanguard FTSE All-World ETF Fund

Bank of Montreal

Bank of Montreal is a Canada-based diversified financial services company. Vanguard have engaged with the company's leaders multiple times in recent years and have discussed various topics, including shareholder proposals and oversight of environmental risk.

In Vanguard's most recent engagement, they met with company management to discuss a shareholder proposal that asked the company to adopt a policy that would ensure that Bank of Montreal's financing activities would not contribute to new fossil supplies, consistent with the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario.

During Vanguard's engagement, Bank of Montreal executives mentioned the company's public commitment to decarbonization and other efforts the company had underway. As part of that commitment, it disclosed Scope 1 and 2 intensity targets for its business with that sector along with a Scope 3 absolute emissions reduction target. The company had not committed to the IEA's Net Zero by 2050 pathway. The company also took the opportunity during this engagement to explain how its board of directors is educated about climate risk on an ongoing basis. This discussion complemented the company's TCFD report and other disclosures.

The Vanguard funds do not seek to dictate company strategy or operations, including strategy or operations related to climate matters. This proposal, if fully implemented, would have precluded Bank of Montreal from doing business with certain types of clients or under certain circumstances. The Vanguard funds did not support the proposal, which received just 7.5% support.

J Sainsbury Plc

At the annual meeting on 7 July 2022, Vanguard funds did not support a shareholder proposal directing the company to become accredited by the Living Wage Foundation, an organisation that sets out a framework for pay linked to a regional cost-of-living assessment. The proposal received 17% support from shareholders.

Vanguard has engaged over several years with the Sainsbury's board and executive management. Vanguard's recent discussions included the board's oversight of HCM and its role in navigating the cost-of-living crisis with respect to stakeholders, including its workforce and customers. The proposal in question directed the company to be accredited as a Living Wage Employer by July 2023. The resolution further asked the company to conduct an analysis (also by July 2023) of third-party contractors that earn below the real Living Wage and to work with external partners to increase all subcontracted workers to the real Living Wage rate by 2026. In assessing this shareholder proposal, Vanguard sought to understand the company's current practices, including its disclosure of the board's oversight framework for these issues. Vanguard observed that Sainsbury's pay practices met or were above the real Living Wage. In addition, a majority of its outsourced employees were paid a living wage. Beyond direct pay, Sainsbury's reviewed and improved other employee benefits.

Vanguard reviewed the implications of signing up to an independent external pay benchmark when Sainsbury's has already made commitments involving wages that include factoring in the real Living Wage, the

National Living Wage, and benchmarking pay competitively to peers annually. The company operates in a sector where margins are low and workforce pay is a key cost consideration. Vanguard determined that the proposal's requests (which were binding) were too prescriptive and that the setting of wages should fall under the company's operational decisions, which are best left to the board and executive management. Additionally, through ongoing dialogue with the company, Vanguard did not conclude that the proposal addressed a material gap or failure of oversight by the board.

Caterpillar

Caterpillar, a U.S.-based construction machinery company, received four shareholder proposals ahead of its 2022 annual meeting, including one that requested medium- and long-term greenhouse gas (GHG) targets aligned with the Paris Agreement's goal of maintaining the global temperature rise at 1.5 degrees Celsius and that sought disclosure of progress made toward achieving such goals.

Caterpillar has set, and revised, its GHG emissions reduction targets several times since 2006. Its most recent targets, set in 2021, are to reduce Scope 1 and 2 emissions 30% by 2030, from a baseline year of 2018. Caterpillar says it does not currently have a Scope 3 emissions reduction target, explaining that factors affecting such emissions are largely outside the company's control. In its response to the shareholder proposal, the company indicated that its next sustainability report would clarify whether Caterpillar would set the specific targets requested by the proposal or provide a rationale for not doing so. The company also committed to including Scope 3 disclosures and using the TCFD framework in future sustainability reporting.

During two engagements leading up to the 2022 annual meeting, the Vanguard team spoke with Caterpillar executives and an independent director about the company's GHG emissions targets and sought to understand its efforts to improve future disclosure. Notably, the board recommended voting in favour of this proposal, stating that such support would demonstrate its commitment to transparency in climate accountability.

The Vanguard funds supported the board's recommendation and voted for the proposal, which other shareholders also strongly endorsed, as it garnered over 95% support.

Cashflow Matching Credit – Insight

Insight, as a global asset manager, understands that they must demonstrate the highest standards of accountability and transparency in our stewardship programme. They have an unwavering commitment to stewardship.

They believe effective stewardship includes taking clients' needs into account and working for the benefit of all stakeholders. Given Insight's business focus on risk management, liability driven investment (LDI) and fixed income, for clients with very long-term investment horizons, their activity looks different when compared to the activity of many of our peers in the investment management industry, which focus largely on equities.

They aim for transparency across all our activities, and collaborate with stakeholders where they believe we can maximise the impact of our engagement.

Engagement with issuers is a key part of their credit analysis and monitoring and complements our approach to responsible investment. As a matter of policy, all their credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of their credit analyst resource, one of the key inputs into their ESG analysis is the direct information which they receive from companies via engagements that take place. They also have a dedicated stewardship programme, which includes their prioritised ESG engagement themes. Their prioritised themes for this year are climate change, water management, and diversity and inclusion. They use a research-led approach to identify the worst performers to initiate targeted engagement to encourage change across each of these themes.

Most significant company engagements

EDF

Background

EDF is an electric utilities company. The company uses nuclear power, coal, gas and renewables.

This engagement was identified through our targeted climate engagement programme due to the size of EDF's Scope 1 and 2 emissions. The purpose of Insight's engagement was to understand EDF's approach to decarbonisation, to supplement our assessment of whether they are on a Net Zero pathway.

This engagement was aligned to SDG 13 - Climate Action.

Engagement

The engagement was hosted by their Senior Stewardship Analyst. They have been discussing ESG matters with EDF for a number of years, dating back to 2020.

EDF has set a Net Zero by 2050 target. Its decarbonisation strategy, called the 'Sustainable Business Roadmap'. This sets out the step-by-step process for EDF to meet its Net Zero target. EDF has set a science based target (approved by SBTi) to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2017 base year. EDF group commits to reduce absolute scopes 3 GHG emissions from use of sold product 28% by 2030 from a 2019 base year. It has also formally committed to getting its Net Zero target certified by SBTi.

To support the decarbonisation process, EDF will be completely coal free in Europe by 2026. Rest of the world will be by 2030. Only 0.6% of generation is from coal, currently. The coal exit strategy has not changed following the events in Russia, EDF still plan to shutdown coal using the same timeline. EDF is shutting down its remaining coal plant in the UK (West Burton) this year. There is 1 plant in France, but the outputs are limited.

Outcomes

EDF is in a strong position to progress towards Net Zero due to its carbon intensity, which is 90% lower than the peer average. This is driven by the high proportion of nuclear energy used, which, although it has a number of safety concerns, it is very low carbon.

It is also increasing renewables, onshore wind, offshore wind, solar and hydroelectric, with EDF focusing on increasing solar the most. No specific improvement areas identified, however EDF's ageing reactions pose potential risks of nuclear plant outages / early shutdowns due to issues such as cracks in the graphite core. It also has heightened safety risk due to the large proportion of nuclear energy used, and EDF continues to look to open new nuclear energy locations.

Whilst it appears that these risks are well managed, Insight will closely monitor EDF's performance in these areas, in addition to its progress towards its net zero goal.

Anheuser-Busch InBev

Background

Insight chose to engage with Anheuser-Busch InBev (ABI BB) as it scores a low 4 in governance. During the call they discussed a range of ESG topics relevant to the following SDGs: 8 Decent Work and Economic Growth, 13 Climate Action and 16 Peace, Justice and Strong Institutions

Engagement

This was the second engagement with Anheuser-Busch InBev (ABI BB) on ESG matters. The meeting was hosted by their Insight Analyst with the CSR team. Both meetings have been group meetings with the Treasurer hosting the initial meeting in 2021.

Outcomes

They discussed their various KPIs - over 3,000 colleagues carry these targets, cascaded through procurement, finance, logistics, packaging as well as executive levels. The key points discussed were:

- Executive compensation – variable compensation and bonuses for short-term is linked to sustainability factors;
- Governance - ethics and transparency is a key priority;
- Code of conduct for local laws and regulations as well as the stricter internal standards;
- Digital ethics: how information is collected and analysed: only collect necessary, use and keep as required, focus on privacy.

Whilst it is too soon to know if any changes have come of this engagement, the team were engaged and thorough and we were satisfied that they have taken on board their input. As such, they will continue to engage with them in the future, to monitor progress.

Appendix 2 – ESG, Voting and Engagement Policies

Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	<p>BNYM's voting and engagement policies are included in their annual Mellon proxy voting report which can be found in the link below:</p> <p>https://www.mellon.com/insights/insights-articles/2021-proxy-voting-report.html</p> <p>https://www.mellon.com/insights/insights-articles/2022-semi-annual-proxy-voting-report.html</p>
Vanguard	<p>Disclosure of rationale of voting can be found:</p> <p>https://global.vanguard.com/portal/site/portal/investment-stewardship/perspectives-commentary</p>
Leadenhall	https://www.leadenhallcp.com/esg
Neuberger	https://www.nb.com/en/global/esg/engagement
CBRE	<p>CBRE Global ESG policy: https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf</p>
Insight	https://www.insightinvestment.com/investing-responsibly/

Approved by the Trustee of the Amey OS Pension Scheme on 28 February 2023