

## **SYFER TECHNOLOGY PENSION PLAN**

### **ENGAGEMENT POLICY IMPLEMENTATION STATEMENT**

**For the year ended 5 April 2023**

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#### **Introduction**

The Trustees of the Syfer Technology Pension Plan (the 'Plan') have 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 Trustees can promote 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 Trustees, 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 5 April 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose 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 Plan's performance) over an appropriate time horizon.

The Trustees also expect their investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

#### **Stewardship - monitoring and engagement**

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

The Trustees acknowledge 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 Plan's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustees' 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 Trustees detailing their voting activity.

The Trustees also delegate 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 Trustees seek 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.

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### ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued) For the year ended 5 April 2023

#### Stewardship - monitoring and engagement

Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
	Yes/No	Yes/ No
Legal & General Investment Management	Yes	Yes
Partners Group	Yes	No
Insight Investments	Yes	Yes
M&G Investments	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies, their investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustees will seek to appoint investment managers that take a responsible and sustainable investment approach to investment and have identified the following priorities for monitoring and engagement with each investment manager:

- Climate change and environmental impact
- Labour conditions including gender equality, living wage and modern-day slavery
- Corporate governance, including board composition and executive remuneration.

The Trustees believe that monitoring and engaging on these stewardship priorities will result in better long term returns for the Plan and better outcomes for Plan members.

#### Investment manager engagement policies

The Plan's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment managers engage in dialogue with the companies they invest in and how they exercise voting rights. They also provide details on the investment approach taken by the investment managers 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 each investment manager's engagement policy or suitable alternative is provided in the Appendix.

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

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### ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued) For the year ended 5 April 2023

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

Engagement	LGIM UK Equity Index	LGIM World (ex-UK) Equity Index and LGIM World (ex-UK) Equity Index - GBP Hdgd	LGIM Active Corporate Bonds - Over 10 Year
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
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	208	305	37
Number of engagements over the year	328	477	85

#### Exercising rights and responsibilities

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

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

The Trustees do 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.

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

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### ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued) For the year ended 5 April 2023

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

Voting behaviour	LGIM UK Equity Index	LGIM World (ex-UK) Equity Index and LGIM World (ex-UK) Equity Index - GBP Hdgd
Period	01/04/2022- 31/03/2023	01/04/2022- 31/03/2023
Number of meetings eligible to vote at	733	3,008
Number of resolutions eligible to vote on	10,870	36,202
Proportion of votes cast	100%	100%
Proportion of votes for management	94%	78%
Proportion of votes against management	6%	22%
Proportion of resolutions abstained from voting on	0%	1%

#### Trustees' assessment

The Trustees have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations.

The Trustees may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees may consider whether to engage with the investment manager.

The Trustees have 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 Trustees recognise 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.

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**ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued)**  
**For the year ended 5 April 2023**

**Appendix**

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

Investment manager	Engagement policy (or suitable alternative)
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/en/sustainability/responsible-investment/">https://www.partnersgroup.com/en/sustainability/responsible-investment/</a>
Insight Investments	<a href="https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/eu---insight-uk-stewardship-code-2022.pdf">https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/eu---insight-uk-stewardship-code-2022.pdf</a>
M&G Investments	<a href="https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/mandg-investments-policies/MG-Investments-ESG-Investment-Policy-January-2022.pdf">https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/mandg-investments-policies/MG-Investments-ESG-Investment-Policy-January-2022.pdf</a>

Information on the most significant votes for each of the funds containing public equities as at 31 March 2023 (latest available) is shown below:

LGIM UK Equity Index	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of Vote	2022-05-24	2022-05-12	2022-04-08
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.70	3.03	2.67
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its 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.		

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**ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued)**

**For the year ended 5 April 2023**

<p>Rationale for the voting decision</p>	<p>Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil &amp; Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.</p>	<p>Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p>
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**ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (continued)**

**For the year ended 5 April 2023**

Outcome of the vote	0.799	0.885	0.843
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.
Criteria on which the vote is assessed to be “most significant”	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

LGIM World (ex-UK) Equity Index and LGIM World (ex-UK) Equity Index - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
Date of Vote	2022-05-25	2022-06-01	2022-05-25
Approximate size of LGIM World (ex-UK) Equity Index fund’s holding as at the date of the vote (as % of portfolio)	1.91	1.24	0.82
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 5 - Require Independent Board Chair
How the fund manager voted	Against	For	LGIM voted in favour of the shareholder resolution (management recommendation: against).
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its 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.	LGIM publicly communicates its 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.	LGIM publicly communicates its 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.
Rationale for the voting decision	Human rights: A vote against is applied as	Shareholder Resolution - Climate change: A	Shareholder Resolution - Joint Chair/CEO: A

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	the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	0.933	0.177	0.167
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.
Criteria on which the vote is assessed to be "most significant"	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	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 (escalation of engagement by vote).
	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.