

Cooper Consolidated Pension Plan Implementation Statement | Year to 5 April 2024

Introduction

This Implementation Statement has been prepared by the Trustee of the Cooper Consolidated Pension Plan ("the Plan") and sets out how the policies in the Trustee's Statement of Investment Principles (SIP), in particular those regarding the exercise of rights (including voting rights) and engagement, have been followed over the year to 5 April 2024. The information required for this statement is typically provided on a quarterly basis by investment managers, so this statement sets out data covering the year to 31 March 2024.

Due to the changes in the investment strategy taking place towards the end of the year, the Trustee has shown the information required for the funds held under both the previous strategy and those under the revised strategy. This change in strategy is highlighted in the SIP, of which the Trustee's last review before 5 April 2024 was in March 2024. The SIP has been made available online.

How voting and engagement policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been followed over the year in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's investment managers.
- Annually the Trustee receives voting information and engagement policies from the asset managers, which is reviewed to ensure alignment with the Trustee's policies. This usually takes the form of detailed monitoring carried out by its investment consultant. This year, as all of the funds under the previous investment strategy were being replaced, the Trustee opted to take a higher level approach to their annual monitoring. Based on this monitoring and the information set out in this Implementation Statement, the Trustee believes that the voting and engagement policies implemented by the asset managers on its behalf have been in the members' best interests.
- As part of ongoing monitoring of the Plan's investment managers, the Trustee uses ESG ratings information provided by its investment consultant to assess how the Plan's investment managers take account of ESG issues. This was also provided this year through the higher level approach taken to ESG monitoring.
- The Trustee obtained training on stewardship priorities in March 2024 to allow them to carefully select the most appropriate stewardship priorities for the Plan.

Having reviewed the above, alongside the voting and engagement information provided in this Implementation Statement, the Trustee is comfortable that the actions of the Plan's investment managers is in alignment with the Plan's voting and engagement policies.

How the SIP has been followed over the year

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

- The Trustee uses reports provided by their investment consultants to monitor the performance of the funds used on a quarterly basis, to ensure that the funds are meeting their stated objectives.
- The Trustee regularly reviews the ESG capabilities of the funds used as part of the annual monitoring process. As part of this process the Trustee uses ESG ratings provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues.
- Over the year leading up to 5 April 2024, the Plan underwent a significant change in investment strategy. This involved transitioning management from Baillie Gifford and BlackRock to Insight, M&G, and Troy Asset Management. When selecting the new investment managers, the Trustee considered ESG and Stewardship characteristics, and invested in a fund with sustainability explicitly built into the investment process (M&G).

Stewardship policy

The Trustee's SIP in force at 5 April 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities, to the Plan's investment managers.

Following a training session and consideration of a number of different themes, the Trustee has set the following stewardship priorities for the Plan: climate and the environment, and diversity, equality and inclusion.

The Trustee expects its relevant asset managers to be able to evidence their stewardship activity in this area which the Trustee will monitor annually. For example, by considering the voting and engagement activity of the asset managers. Therefore, this is an area in which the Trustee believes it can meaningfully monitor progress and engage with their investment manager over time.

Conclusion

The Trustee is comfortable that it has followed the policies in its SIP over the year to 5 April 2024. During the year ending 31 March 2024, the Trustee did not conduct its usual level of annual monitoring of the ESG integration, voting, and engagement policies of the funds used by the Plan due to the investment strategy changes being implemented. However, the Trustee did carry out a high level review of the ESG and stewardship characteristics of the Plan's managers.

Having reviewed the information in this statement on voting and engagement activities over the year to 5 April 2024, the Trustee is comfortable that the actions of the Plan's investment managers were in alignment with the Plan's voting and engagement policies. This activity will be considered in more detail alongside a review of the voting, engagement and ESG integration policies as well as the ESG ratings provided by the Trustee's investment consultants as part of the Trustee's regular monitoring during the year.

**Prepared by the Trustee of the Cooper Consolidated Pension Plan
August 2024**

Voting activity | Overview

A summary of the voting carried out by the investment managers on behalf of the Plan over the year to 31 March 2024 is shown below. For the avoidance of doubt the synthetic equity, fixed income, Liability Driven Investment (LDI) and cash investments held by the Plan do not have voting rights attached and so are not shown in this table.

Below is a list of all the managers with voting rights over the year to 31 March 2024. During March 2024, the Plan fully disinvested from Baillie Gifford and invested with Troy Asset Management. We have shown both for completeness.

Manager	Baillie Gifford	Troy Asset Management
Fund name	Multi Asset Growth Fund	Trojan Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	51	14
Number of resolutions the manager was eligible to vote on over the year	517	273
Percentage of resolutions the manager voted on	91.5%	100%
Percentage of resolutions (as a % of the total number of resolutions voted on) that the manager*:		
...abstained from	0.6%	5%
...voted <i>with</i> management	96.8%	85%
...voted <i>against</i> management,	2.5%	10%
Does the manager use a proxy voting service?	No, all client voting decisions are made in-house.	Yes, ISS provide research as part of their role as a proxy advisor, and follow the custom voting policy agreed with Troy at the end of 2022.

*totals may not sum due to rounding.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. The Trustee set its stewardship priorities of climate and the environment and diversity, equality and inclusion.

Baillie Gifford and Troy Asset Management have each provided a selection of votes which they believe to be significant. For Baillie Gifford the votes provided did not align with the Plan's agreed stewardship priorities, but given that the Plan has now disinvested from this fund the Trustee did not investigate this further. For this manager, the Trustee selected 3 significant votes covering a range of themes. At the Trustees request Troy provided significant votes that aligned with their stewardship priorities.

Baillie Gifford | Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	MONTEA NV	AMERICAN TOWER CORPORATION	REXFORD INDUSTRIAL REALTY, INC.
Date of vote	25/01/2024	24/05/2023	05/06/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.21	0.29	0.90
Summary of the resolution	Amendment of Share Capital	Appoint/Pay Auditors	Remuneration
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	Yes	No
Rationale for the voting decision	Baillie Gifford supported two proposals related to the renewal of the authorisation to increase share capital, believing it is in the interest of shareholders for the company to have unfettered access to equity to exploit the current window of opportunity for external growth.	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. Baillie Gifford believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.	Baillie Gifford opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	The company sought Baillie Gifford's opinions ahead of the shareholder meeting. They were supportive of the request for capital as it puts the company in a good position to exploit the current window of opportunity for external growth.	Baillie Gifford asked about plans to tender last year but did not receive a response. This year they decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.	Following the AGM, Baillie Gifford contacted the company to explain their decision to oppose compensation for the second year in a row. Baillie Gifford asked the company to increase the stringency of their performance targets.

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed the election of auditors.	This resolution is significant because it received greater than 20% opposition.

Troy Asset Management | Trojan Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft	American Express	Agilent Technologies
Date of vote	7 December 2023	2 May 2023	14 March 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.0	1.30	1.1
Summary of the resolution	Report on Gender-Based Compensation and Benefits Inequities	Elect Director	Re-elect Director
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	N/A	Yes	Yes
Rationale for the voting decision	Troy voted against the shareholder proposal to report on gender-based compensation and benefits inequalities at Microsoft. The proposal sought to disclose financial support details based on gender, claiming inequalities for those not opting for abortion or gender transition. The board argued the proposal stemmed from animosity towards reproductive and gender-related health benefits. They emphasised Microsoft's commitment to pay equity, comprehensive pay gap reporting, and inclusive health benefits based on medical needs.	Troy voted against Peter Chernin in his capacity as Chair of the Nominations, Governance and Public Relations Committee on account of the company having a joint CEO/Chair. The board is only 28% female which also warranted a vote against Peter Chernin.	Troy voted against the re-election of Koh Boon Hwee in his capacity as Chair of the Nominating and Corporate Governance Committee owing to the fact that the Board has less than 30% women.
Outcome of the vote	Rejected	Accepted	Accepted
Implications of the outcome	Troy will continue to vote in the best interests of investors and monitor future AGM resolutions.		
Criteria on which the vote is considered "significant"	Consistent with Stewardship Priorities	Consistent with Stewardship Priorities	Consistent with Stewardship Priorities

Fund level engagement

The sections below provide information on the engagement approaches taken by the Plan's investment managers, and gives examples of some of the engagement activity undertaken by the investment managers during the year. Engagement activities are limited for the Plan's LDI and liquidity funds due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

On 5 March 2024, the Plan transitioned its management from Baillie Gifford and BlackRock to Troy Asset Management, M&G Investments and Insight. The Trustee inquired with Insight about engagement activities related to the Synthetic Global Equity Hedged Fund but did not receive any information. This absence of data is likely because synthetic funds are based on derivatives, and derivative holders do not have engagement privileges.

The engagement information for the pre-transition funds is below table below.

Manager	Baillie Gifford	BlackRock	
Fund name	Multi Asset Growth Fund	Absolute Return Bond Fund	Buy and Maintain ESG Vintage Funds
Does the manager perform engagement on behalf of the holdings of the fund?		Yes	
Has the manager engaged with companies to influence them in relation to ESG factors in the year?		Yes	
Number of engagements undertaken on behalf of the holdings in this fund in the year	11	290	447
Number of engagements undertaken at a firm level in the year	748	3,744	

The engagement information for the post - transition funds is below.

Manager	Troy Asset Management	M&G Investments	Insight	
Fund name	Trojan Fund	Sustainable Total Return Credit Investment Fund	Liquid ABS	Maturing Buy and Maintain Credit
Does the manager perform engagement on behalf of the holdings of the fund?	Yes	Yes	Yes	
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	

Manager	Troy Asset Management	M&G Investments	Insight
Number of engagements undertaken on behalf of the holdings in this fund in the year	8	13	60-70
Number of engagements undertaken at a firm level in the year	37	346	2,521

Select engagement examples over the year to 31 March 2024

Troy Asset Management (Firm-Level) | Royal Mint's Responsibly Sourced Physical Gold ETC – Environmental

Troy Asset Management has actively promoted environmental sustainability through its investment in the Royal Mint's Responsibly Sourced Physical Gold Exchange Traded Commodity (ETC). This ETC, launched in 2020, is distinguished by its adherence to the London Bullion Market Association's (LBMA) Responsible Gold Guidance, holding 100% responsibly sourced gold and a significant portion of recycled gold.

Recycled gold is essential as it drastically reduces the environmental impact compared to new mining, which is energy-intensive and harmful to the environment. The Royal Mint aims to increase its use of recycled gold to 100% by 2030, a goal that aligns with Troy's commitment to responsible investing. This initiative exemplifies how Troy integrates high environmental and social standards into its investment strategies, ensuring that their gold investments contribute to a more sustainable and ethical financial system.

In support of this commitment, representatives from Troy visited the Royal Mint in Llantrisant, South Wales, to learn more about their sustainability journey and the gold recycling process. During the visit, they spoke with the Royal Mint's Head of Sustainability and a member of the Supply Chain Management team. These discussions highlighted the Royal Mint's ambitious targets and their innovative approaches to refining recycled gold, reinforcing Troy's advocacy for responsible sourcing practices.

M&G Investments - Diversity, Equality and Inclusion

M&G engaged with AIA Group Ltd to improve board diversity and succession planning. Initiated on 9 September 2021, this engagement led to the appointment of two female directors. On 20 September 2023, AIA further appointed Ms. Nor Shamsiah Binti Mohd Yunus as an Independent Non-executive Director, increasing female representation on the board to 23%. This outcome demonstrates AIA's commitment to diversity and inclusion, reflecting positively on M&G's influence. Moving forward, M&G will continue to monitor AIA's progress and advocate for further improvements in board diversity.

Baillie Gifford | EDP Renovaveis, S.A. – Climate and the environment

Baillie Gifford, as a key investor in EDP Renovaveis, S.A. (EDPR), met with the company's CEO, Miguel Stilwell d'Andrade in May 2023. The Multi-Asset Team's Infrastructure Lead and ESG Analyst discussed how the political and regulatory environment has evolved over the past year, standout non-financial factors, and the impact of inflation on new projects. This meeting provided insights into the drivers behind EDPR's new business plan, which aims to accelerate renewable deployment, supported by a recent capital raise.