The First UK Bus Pension Scheme – DB Section Annual Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) for the DB Section, produced by the First UK Bus Pension Scheme Trustee Limited (the ‘Trustee’), has been followed during the year to 5 April 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator. A separate statement has been prepared for the Defined Contribution section.

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme are included in the SIP for the DB Section of the Scheme.

Review of the SIP

During the year, the Trustee reviewed the Scheme’s SIP for the DB Section. A revised SIP for the DB Section was signed in September 2020 in order reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:-

- How Environmental, Social, and Governance (‘ESG’) factors, stewardship and climate change risks are considered for existing investments and when appointing investment managers.
- How the arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee’s policies in the SIP.
- How that arrangement incentivises the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset managers’ performance and the remuneration for asset management services are in line with the Trustee’s policies mentioned in the SIP for the DB Section.
- How the Trustee monitors portfolio turnover costs
- The duration of the arrangement with the asset managers.

The investment risk section and strategic management section were also updated to outline a more comprehensive list of the risks that the Scheme faces and how they are managed.

Assessment of how the policies in the SIP for the DB Section have been followed for the year to 5 April 2021

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant. In summary, it is the Trustee's view that the policies in the SIP for the DB Section have been followed during the Scheme year.

Strategic Asset Allocation

Policy	Location in SIP	How the policy has been met over the Scheme year
Kinds of investments to be held	Section 5.4	A high level asset allocation between growth assets (approximately 65% within publicly quoted equities, property, private equity, growth fixed income and alternative assets), and risk reducing assets (approximately 35% in bonds, asset backed securities, cash and liability matching instruments) has been set by the Trustee for the Scheme, having consulted the Company. The Trustee reviews the growth / matching split periodically and following the completion of each actuarial valuation in setting an appropriate level of risk and return within the portfolio. The assets held mean that the Trustee has acted in line with the policy in this area.
The balance between different kinds of investments	Sections 5.3 & 5.4	The Trustee receives quarterly investment performance reports, which monitor the risk and return of investments within the Scheme. This, along with any review work on the Scheme's investment strategy, enables the Trustee to evaluate the balance between different kinds of investments. The Trustee is satisfied that the Scheme's assets are sufficiently diversified across investment managers, asset classes, geographies, sectors and risk premia.
Risks, including the ways in which risks are to be measured and managed	Section 5.3	As detailed in the SIP for the DB Section, the Trustee regards 'risk' as the likelihood of failing to achieve the objectives set out in section 5.1 of the SIP for the DB Section and have, on the advice of the DB Investment Adviser, taken several measures which are set out in the SIP for the DB Section to measure and manage investment risks. The SIP for the DB Section was updated in 2020 to include more detail on monitoring and managing investment risks. The Trustee also maintains a risk register. This includes details on how investment and operational risks, amongst other risks, are measured and managed. The Trustee's willingness to take on investment risk is dependent on the continuing financial strength of the Company and its willingness to contribute to the Scheme. The strength of the Company and its perceived commitment to the Scheme is monitored by the Trustee periodically and the Trustee will seek to reduce investment risk if either of these deteriorates.

		The degree of investment risk taken will also depend on the Scheme's funding status and liability profile. To enable the Trustee to monitor and review both of these features, the Trustee has access to a daily funding level estimation tool and receives formal funding updates on a quarterly basis (both via the Scheme Actuary). The primary way in which the Trustee monitors the level of investment risk present at the total Scheme level is through 3-year 95% Value at Risk ('VaR') on a Technical Provisions basis as calculated by the DB Investment Adviser at each quarter end. This VaR metric measures the amount by which the deficit could be greater than anticipated in a given number of scenarios (i.e. 95% VaR measures the worst 5^{th} percentile of scenarios) over a given timeframe (i.e. the Trustee monitors VaR over a 3-year period). Over the period, the Trustee has made the following investment strategy changes with the objective of decreasing the risks relating to growth assets: • In April 2020, the Trustee made the decision to invest c. £100m into the LGIM Buy and Maintain Credit Fund, funded by taking out additional repo borrowing within the LGIM Qualifying Investor Alternative Investment Fund structure following LGIM informing the Trustee that there was collateral available in excess of the optimal level in the LDI portfolio. The Trustee received s36 advice from their DB Investment Adviser with regards to this investment. • In October 2020, following the closure of the Lansdowne Developed Markets Fund, the Trustee made the decision to invest the majority of the proceeds from the fund closure (c. £30m) to increase the Scheme's holding in the LGIM Buy and Maintain Credit Fund. There was a small portion of the Lansdowne Developed Markets Fund consisting of mainly illiquid stocks (c. £5m) that could not be immediately sold when the fund closed and so this was retained. The Trustee received an s36 advice paper from their DB Investment Adviser with regards to this investment. • In November 2020, the Trustee fully redeemed the Scheme's holding in the Winton Global Tactical Asset Allocation fund. Due to the Trustee's decision to follow a de-risking plan of the Scheme assets, the proceeds of the disinvestment (c. £40m) were invested into the TwentyFour AM Enhanced Income ABS Fund. The Trustee received an s36 advice paper from their DB Investment Adviser with regards to this investment.

Expected return on investments	Section 5.1	In setting the investment strategy, the Trustee makes assumptions about how the risk and return characteristics of the chosen asset classes interact, both independently and relative to one another. The Trustee regards the appropriate investment strategy as one which seeks to deliver the level of expected return above gilts in order to meet the funding objective in the most efficient (i.e. least risk) manner. Over the year, the Trustee reviewed the level of expected return to target within the investment strategy and agreed a lower target return may be appropriate. The Trustee began implementing changes to the Scheme's assets in order to move towards a lower expected return while reducing risk. The risk of managers underperforming versus their stated investment objectives (and hence the Trustee's expectations) is managed at the total Scheme level by diversifying the portfolio across a number of different investment managers. Underperforming managers are questioned by the Trustee on the reasons for their underperformance when they are invited to Investment Committee meetings. Over the period, the Investment Committee met with the following managers: TwentyFour AM, Lansdowne and LGIM. Whilst the Trustee is a long-term investor, they also monitor short term performance and may take action if they lose conviction in a manager to deliver on their stated objectives on a forward-looking basis. Over the period, the Trustee terminated the appointment of Winton in respect of the Global Tactical Asset Allocation mandate following the Trustee's decision to reduce risk within the Scheme's assets. Winton was chosen in part due to the Trustee losing conviction in the manager's investment decision making process

Investment Mandates

Policy	Location in SIP	How the policy has been met over the Scheme year
Securing compliance with the legal requirements about choosing investments	Sections 1.1 & 1.2 Section 3.2	Advice was received from the DB Investment Adviser in relation to the following strategic changes: • In April 2020, the Trustee made the decision to invest c. £100m into the LGIM Buy and Maintain Credit Fund, funded by taking out additional repo borrowing within the LGIM Qualifying Investor Alternative Investment Fund structure following LGIM informing the Trustee that there was collateral available in excess of the optimal level in the LDI portfolio. The Trustee received s36 advice from their DB Investment Adviser with regards to this investment. • In October 2020, following the closure of the Lansdowne Developed Markets Fund, the Trustee made the decision to invest the majority of the proceeds from the fund closure (c. £30m) to increase the Scheme's holding in the LGIM Buy and Maintain Credit Fund. There was a small portion of the Lansdowne Developed Markets Fund consisting of mainly illiquid stocks (c. £5m) that could not be immediately sold when the fund closed and so this was retained. The Trustee received an s36 advice paper from their DB Investment Adviser with regards to this investment. • In November 2020, the Trustee fully redeemed the Scheme's holding in the Winton Global Tactical Asset Allocation fund. Due to the Trustee's decision to follow a de-risking plan of the Scheme assets, the proceeds of the disinvestment (c. £40m) were invested into the TwentyFour AM Enhanced Income ABS Fund. The Trustee received an s36 advice paper from their DB Investment Adviser with regards to this investment.
Realisation of investments	Section 6.9	The Trustee has given the investment managers discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. The investment managers have responsibility for generating cash as and when required for benefit payments and other expenses (when instructed by the Trustee). There are no instances over the period of the investment managers being unable to meet the Trustee's requirements with regards to the realisation of investments. The Trustee also measures the level of liquidity in the Scheme's portfolio when appropriate, acknowledging that some of the Scheme's portfolio is invested in illiquid asset classes (such as private equity, real estate and infrastructure debt, property and timberland).

		The Trustee also measures the level of liquidity within the LDI portfolio on a quarterly basis to ensure sufficient collateral is available to support the leveraged positions held. The Trustee takes advice from the DB Investment Adviser as and when necessary in relation to the level of liquidity within the DB Section asset portfolio and the LDI portfolio in particular.
Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	Section 4.5	The Trustee considers financially material considerations in the selection, retention and realisation of investments. Consideration of such factors, including environmental, social and governance factors and climate change, is delegated to the investment managers. The Trustee also maintains an ESG policy document, separate to the SIP. The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but keeps this position under review and may reconsider this in the future. The Trustee is also increasingly aware of how ESG issues (including climate change) are integrated within the investment processes adopted by its investment managers and any potential new investment managers. The Trustee monitors the DB Investment Adviser 's ESG ratings for the DB Section's managers as part of the quarterly report and also has its own criteria for evaluating the integration of ESG issues by its managers. Investment manager ESG integration is considered by the Trustee on a forward-looking basis when appointing new managers and the Trustee is looking to improve the overall level of ESG integration across the Scheme's assets. Over the period, the Trustee invested in the TwentyFour Enhanced Income Fund. TwentyFour AM considers ESG factors as an integral part of its relative value decision making process alongside traditional methods of credit analysis.. The trustee also invested in the LGIM Buy and Maintain Credit Fund over the period. ESG factors are fully considered by the credit analysts at LGIM during the investment process and ESG forms an explicit part of analyst's performance goals. LGIM recognise the growing importance of ESG factors to clients as well as the particular relevance to longer-dated B&M portfolios. This commitment to ESG is evident not just on a firm wide basis but at the portfolio management level also. A positive view on both of these mandates' ESG integration influenced the Trustee's decision to invest. The Trustee has, in previous years, undertaken ESG training from its DB Investment Adviser, considered investing in sustainable equity funds and considered becoming a signatory to the UN Principles for Responsible Investment.
The extent (if at all) to which non-financial matters	Section 4.5	Non-financial matters, including members' ethical views, are not currently taken into account by the Trustee in the selection, retention and realisation of investments. However, the Trustee has considered communicating progress on the integration of ESG within investment processes to members through the Scheme's website and newsletters. The

are taken into account in the selection, retention and realisation of investments		Trustee may also consider obtaining feedback from members in the future regarding the integration of ESG and climate change considerations. Over the year member views on non-financial matters, including their ethical views, were not explicitly taken into account in the selection, retention and realisation of investments.

Monitoring the Investment Managers

Policy	Location in SIP	How the policy has been met over the Scheme year
Incentivising investment managers to align their investment strategies and decisions with the Trustees' policies, to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	Section 6.2	The Trustee's policy on manager incentivisation was added during the year to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. In November 2020 the Winton Global Tactical Asset Allocation Fund was removed as part of a wider de-risking plan. The Trustee identified that the appointment with Winton was not consistent with its long-term objectives, which were expected to target a lower overall expected return, while the Trustee's conviction in Winton's prospects for meeting their objectives had reduced. The Trustee discussed their continued appointment of the investment managers, and are happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long term financial and non-financial performance. As the Trustee continues to review its investment strategy, it will review the existing manager appointments and mandate objectives to ensure each manager's target performance is consistent with long term target of the Scheme.

Evaluation of the investment manager's performance and the remuneration for asset management services	Section 6.3	The Trustee's policy on performance evaluation and investment manager remuneration was added during the year to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. To evaluate performance in respect of the investment managers, the Trustee received and discussed investment performance reports on a quarterly basis. The reports presented performance information and commentary in respect of the Scheme's funding level and investments. Such reports have information covering fund performance for the previous 3 months, 1 year and 3 years for the investment managers and total DB Section. The Trustee reviewed the absolute performance, the relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. During the year, the following fee savings were achieved: TwentyFour AM agreed to a reduction in the fee of their Enhanced Income ABS Fund. This is a 5bps reduction in the annual management charge of the fund, bringing it down to 0.40% instead of 0.45%.
Monitoring portfolio turnover costs	Section 6.5	The Trustee's policy on monitoring portfolio turnover costs was added during the year to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. The Trustee does not currently actively monitor the portfolio turnover costs of the DB Section assets. In the quarterly performance report, Investment manager performance is generally reported net of manager fees and transaction costs, and therefore managers are incentivised in this way to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. The IC have continued to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee or IC may ask managers to report on portfolio turnover costs explicitly.
The duration of the arrangement with the asset manager	*Section 6.6.*	The Trustee's policy on the duration of an investment manager's appointment was added during the year to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2018. The Partners Secondary 2004 private market fund made its last distribution payment in June 2020 and is now closed.

		Details of the appointments are contained in the Investment Management Agreements between the investment managers and the Trustee. In the event that an investment manager ceases to meet the IC's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated.

ESG, Stewardship, Climate Change and Voting Disclosures

Policy	Location in SIP	How the policy has been met over the Scheme year
Undertaking engagement activities in respect of the investments.	Section 4.6	Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the investment consultant, who then relays anything of significance to the Trustee. Over the course of the year, the Trustee received a number of research notes from their DB Investment Adviser which included information on how investment managers integrate ESG, stewardship and climate change risks into their investment process. In addition, the Trustee monitored the ESG ratings assigned to each manager by the DB Investment Adviser on a quarterly basis. The Trustees require their investment managers to engage with the investee companies on their behalf. At present, the Trustees asks the investment managers to provide them with an ESG stewardship report, at least annually, which will highlight key engagement activity and the impact the actions have had on the portfolio. This report is then reviewed by the DB Investment Adviser. The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change: • The Trustee reviewed their investment manager mandates and believe that their engagement policies are in line with those of the Scheme. • The Trustee requested that the equity investment managers confirm compliance with the principles of the UK Stewardship Code. All equity managers confirmed that they are signatories of the current UK Stewardship Code and has submitted the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2020, with the exception of GMO who have stated that they are currently evaluating the UK Stewardship Code 2020. • Over the year to date, the Trustee did not consider the voting activity in detail but are considering doing so going forwards.

- The Trustee also required details of relevant engagement and voting activity for the year. A summary of voting behaviour carried out on behalf of the Trustee, including details of the most significant votes cast can be found below.
  - With this information, the Trustee believe their investment managers are voting responsibly on their behalf and in line with the Trustee's investment beliefs. The Trustee noted the information but took no further action. The Trustee will be reviewing the voting information in more detail going forwards.

Examples on how the Scheme's investment managers (as provided by the managers) have engaged with companies/issuers they were invested in/about to invest in are as follows:

Baillie Gifford

In relation to the Long Term Global Growth Fund, Baillie Gifford engaged with Tesla Inc on their corporate governance. Baillie Gifford were encouraged by the excellent progress that the company has made over recent years with respect to external disclosure and impact reporting.

GMO

Regarding the GMO Global Real Return (UCITS) Fund, GMO do not directly engage with company management but the underlying investment teams may engage with company management.

At the firm-level, where appropriate, GMO teams actively engage with companies' management and where they do engage directly with companies, they do so with the intent of better understanding the company, its strategy, and to gain insight into management's perspective on opportunities and risks, including ESG factors.

Lansdowne

Generally, Lansdowne do not engage publicly with companies on specific issues, but have a long history of interacting directly with management teams to articulate the case for applicable ESG issues. Such debates have, they believe, led to meaningful shifts in company approaches that are economically, environmentally and socially advantageous to the companies. Lansdowne believe that active, fundamental long-term investing is best-placed to achieve such goals, given the depth of dialogues and the linkage between social and economic outcomes.

Oldfield

In the year, Oldfield engaged with Stuart Sinclair, Chairman of the Remuneration Committee at Lloyds Banking Group, and a number of his colleagues, to discuss the company's remuneration policy. Oldfield chose to vote with management upon hearing their rationale and broader approach to remuneration. Furthermore they were not convinced that some the targets in the balanced scorecard have high enough hurdle rates.

Ruffer

Over the year, Ruffer engaged with management at companies that make a significant contribution to global greenhouse gas emissions to encourage a change to business models so that they align to the transition to a low-carbon economy. One such example of this is ArcelorMittal, the largest steel producer in Europe. Ruffer have had many engagement meetings with the company over the last couple of years and have been encouraged by recent commitments that they have made, most significant among them: a pledge to be net-zero across its global operations by 2050.

BlueBay

In relation to the Total Return Diversified Credit Fund, an example of ESG integration was BlueBay's engagement with Aldar Properties. They engaged with Aldar on its recent ESG developments, following the board's appointment of its Chief Financial Officer (CFO) as a Chief Financial and Sustainability Officer (CFSO). Their engagement reinforced their overall positive view on the company, whose leading position as a domestic ESG champion Bluebay think should contribute to resilient investment performances.

TwentyFour

In relation to the Monument Bond Fund, TwentyFour engaged with Yorkshire Building Society (YBS) on a social prime RMBS deal sponsored by them. According to Twenty-four's analysis, RMBS deals sponsored by YBS have consistently scored highly from a social perspective due to their prime lending nature, outstanding performance and constant presence in the mortgage and ABS market, as well as other positive ESG factors.

In relation to the Enhanced Income Fund, TwentyFour engaged with Obvion on a Dutch prime RMBS deal sponsored by them. As part of the marketing material for this new deal, TwentyFour received third-party assessments from different

		bodies such as Climate bond Initiative, Sustainalytics and DWA regarding both sustainability and transaction quality. TwentyFour was satisfied with the responses and the engagement with the issuer. **Macquarie** As an infrastructure debt investor, Macquarie do not take active ownership of portfolio companies. Macquarie engaged with social housing companies on how social housing tenants may be severely impacted by non-compliance to fire standards and the use of high-risk cladding can heighten the risk of personal injury (including death) and material damage to the underlying asset, as seen following the Grenfell Tower tragedy. As a result, they conducted a review on cladding and fire risks across the Private Credit portfolio. The outcome was that, management was responsive and provided relevant materials such as the building surveys and policies for Macquarie to determine there was no high-risk cladding, therefore gaining comfort in relation to cladding and fire safety. **LGIM** Over the year, with respect to the Buy & Maintain Credit Fund, LGIM engaged with BP on their plans to manage the energy transition to a low carbon economy. In early August 2020, BP made a number of announcements which underline its shift towards low-carbon energy, at the expense of shrinking long term investment in fossil fuels. LGIM believe these targets make BP very well placed amongst the peer group from a global decarbonisation perspective. Looking at credit fundamentals, these targets are also backed up by a new net debt target, reduced dividend payout, and as mentioned above, a divestiture target which all point to an acceleration in deleveraging.
The exercise of the rights (including voting rights) attaching to the investments	Section 4.6	The Trustee has given the investment managers full discretion in exercising rights and stewardship obligations attached to the Scheme's investments. The Trustee expects managers to exercise these rights in accordance with their own corporate governance policies, taking into account best practice including the UK Corporate Governance Code and the UK Stewardship Code. The investment managers have full discretion to vote in the best financial interests of the beneficiaries of the Scheme. Details of the voting activity undertaken in relation to the Scheme's equity investments is detailed below:

Investment Manager	Total votable proposals	Number of proposals voted on behalf of investors	Participation rate	% votes against management

Baillie Gifford	382	382	100.0%	2.9%
GMO	20,921	20,300	97.0%	7.9%
Lansdowne – Developed Markets [1]	748	736	98.4%	2.0%
Lansdowne – Z Shares[2]	32	32	100.0%	0.0%
Oldfield	182	182	100.0%	15.0%
Ruffer	557	524	94.1%	7.3%

Source: Investment managers.

[1] This data covers the period from 6 April 2020 to 30 September 2020, due to the closure of the fund.

[2] This data covers the period from 1 October 2020 to 5 April 2021. This position reflects the portion of the Lansdowne – Developed Markets fund that was retained.

Commentary on each manager's most significant voting activity (as defined by the managers) is provided below:

- In May 2020 **Baillie Gifford** voted for a shareholder proposal to improve the transparency of Amazon.com Inc's corporate lobbying policies and governance. Baillie Gifford believes that greater transparency of all political expenditures and lobbying, particularly indirect spending through trade associations, coalitions and charities, would enable shareholders to assess alignment with Amazon's values and corporate goals. Baillie Gifford see this resolution as significant because it was submitted by shareholders and passed.

- The **GMO** Global Real Return UCITS Fund is managed such that investment exposures are taken from a number of underlying GMO investment teams, some of which are fundamental and some are quantitative or combined in style. As such 'significant' votes at the portfolio level are difficult to determine. GMO have informed the Trustee's investment advisers that whilst they do not typically classify individual votes as more or less important, they believe their proxy voting policy is aligned to encourage and reward behaviour that supports the creation of sustainable long-term growth.

- **Lansdowne Developed Markets Fund** - in May 2020 Lansdowne voted for United Airline Holdings to provide a report on Global Warming-Related Lobbying Activities. They stated that a vote for this proposal is warranted

		given that the company and its shareholders are likely to benefit from a review of how the company's and its trade associations' lobbying positions align with the Paris Agreement, especially in light of the increasing risks to the company due to climate change. • **Lansdowne Z Shares Fund**- Lansdowne stated that there were no votes which they class as a 'most significant vote.' • **Oldfield** voted against a proposal to amend the remuneration policy in respect of Compania de Minas Buenaventura SAA. They voted against this proposal because the proposed policy would allow for potential material increases in director remuneration in the absence of detailed information regarding the existence of safeguards to prevent potential conflict of the interests. Oldfield detail all votes where they have voted against management and where they have voted against the Institutional Shareholder Services(ISS) and so would define these as 'significant votes'. • In May 2020 **Ruffer** voted against all of Exxon Mobil's non-executive director re-elections. Ruffer stressed that they would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. They discussed the progress the European oil and gas companies have made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, Ruffer emphasised that they would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, Ruffer decided again to vote against the re-election of all non-executive directors because we do not think they have been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative. Ruffer sees votes against the election of directors for material holdings are significant. They believe this vote will be of particular interest to their clients. The votes against management were in the context of an ongoing engagement with the company and the result of extensive internal discussions. The Trustee did not use the direct services of a proxy voting manager over the period but acknowledges that some investment managers may choose to appoint a proxy voting manager for the funds in which the Scheme invests. Some managers also make use of proxy voting research in informing their stewardship activities. The Trustee has not challenged its investment managers with regards to their voting activity during the period but will be looking to ask questions about voting activity in future meetings with their investment managers.

		The Trustee also accepts that it is not practicable for the investment managers to vote in all circumstances. The remainder of the Scheme’s assets fall under private equity, equity derivatives, credit or UK government bond and therefore have no voting rights attached.