

Engagement Policy Implementation Statement (“EPIS”)

The CALA Retirement and Death Benefits Scheme (the “Scheme”)

Scheme Year End – 05 April 2023

The purpose of the EPIS is for us, the Trustees of the CALA Retirement and Death Benefits Scheme, to explain what we have done during the year ending 5 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during over the year to 5 April 2023, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship expectations. We believe that our voting policy has been implemented effectively on our behalf.

Some investment managers did not provide us with complete information to allow us to review the specific engagement activity carried out on our behalf.

How voting and engagement policies have been followed

With the exception of the M&G Debt Investments Opportunities IV Fund, the Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report. For the M&G Debt Investments Opportunities IV Fund, our investment adviser, Aon Investments Limited ("Aon"), provides guidance on voting actions.

Over the reporting year, we monitored the performance of the Scheme's investments on a bi-annual basis and received updates on important issues from Aon. In particular, we received bi-annual Environment Social Governance ("ESG") ratings from Aon for the funds in which the Scheme is invested, where available.

The Scheme's stewardship policy can be found in the SIP:
<https://www.cala.co.uk/media/qald3yts/cala-sip-september-2021.pdf>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights for the year to 05 April 2023. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 05 April 2023 which broadly matches the Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - World Equity Index (hedged and un-hedged)	38,823	99.8%	20.5%	0.7%

Source: Manager

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's manager uses proxy voting advisers.

	Description of use of proxy voting adviser
LGIM	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. An example of these significant votes can be found in the appendix.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund in which the Scheme is invested.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
LGIM World Equity Index (hedged and un-hedged)	591	Not provided	Environment - Climate change, Human and labour rights (e.g. supply chain rights, community relations) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Public health Governance - Board effectiveness - Diversity, and others, Leadership - Chair/CEO, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, and others.
M&G Debt Investment Opportunities IV Fund	Not provided	157	Environment - Climate change Governance – Remuneration Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)
Robeco Group - SDG Credit Income Fund	11	252	Environment - Climate change, Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness and others Other – SDG engagement
IFM - Global Infrastructure Fund			Not provided

Source: Managers.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM did provide fund-level engagement information but not in the industry standard ICSWG template. Additionally, the managers did not provide any overall firm-level engagement information.
- IFM did not provide engagement statistics at a firm or fund level.

This report does not include commentary on the Scheme's liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's equity manager. We consider a significant vote as one which the voting manager deems to be significant or a vote where more than 15% of votes were cast against management. Managers use a wide variety of criteria to determine what they consider a significant vote, an example of which is outlined in the example below:

LGIM - World Equity Index	Company name	Alphabet Inc.
	Date of vote	01 Jun 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2
	Summary of the resolution	Report on Physical Risks of Climate Change
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	Yes
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	17.7%
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to 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.
	On which criteria have you assessed this vote 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.

Source: Manager