Implementation Statement

For the year ending 31 March 2024

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Implementation statement for year ending 31 March 2024

Introduction

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, the Trustee of the NOW: Pensions Trust (the 'scheme') is required to produce an annual statement known as the 'implementation statement'. The implementation statement sets out the work the Trustee has done to:

- review and update the Statement of Investment Principles (SIP), with the reasons for any changes
- follow the SIP over the year, including its voting and engagement policies, and
- action voting rights and engagement activities relating to the Trust's investments, including exercising the most significant votes and using proxy voting services.

The implementation statement covers the scheme's financial year ended 31 March 2024 (the 'scheme year'). It includes sections on how the Trustee policies in the SIP have been followed over the scheme year regarding:

- **investment beliefs**
- **investment objectives and strategy**
- **investment management**
- **voting activities**
- **responsible investment, and**
- **any other areas of policy (including risks).**

Summary

The following sections set out the actions the Trustee took during the scheme year that reflect the policies in the SIP. The Trustee considers that implementing these policies has driven long-term value for the Trust's beneficiaries and that the stewardship activity, including voting, undertaken on the Trustee's behalf reflects the Trustee's stewardship principles, responsible investment (RI) objectives and the way it expects the Trust's assets to be managed.

1. Trustee's review of the Statement of Investment Principles over the year

During the scheme year, several changes were made to the Trust's default investment strategy (the default plan – the plan most members are saving in) as part of the Trust's 2023 triennial investment review. The aim of these changes was to better meet member needs and simplify the investment approach. The default plan's investment strategy incorporates a 'lifecycle' investment approach focusing on growing member assets during a member's 'savings phase' before de-risking towards retirement. It is known as the 'pension journey' and was previously referred to as the 'Journey Path'. The changes reduced the complexity of the default plan's investment strategy and increased the focus on responsible investments, without significantly changing the portfolio's risk and return characteristics. You can find a detailed summary of the changes in Appendix 2.

There are two versions of the SIP for the scheme year. The 22 June 2022 SIP (2022 SIP) was updated to include these changes to the default plan. The updated SIP was adopted on 21 September 2023 (2023 SIP). This statement covers both versions of the SIP.

The Trustee consulted with NOW: Pensions Limited (NPL) as the scheme manager, scheme strategist and employer representative, and considered advice from its investment adviser, Redington Ltd, and its legal adviser, Eversheds Sutherland, before finalising the 2023 SIP.

2. Trustee's policy on investment beliefs

The Trustee must establish the investment beliefs that underpin the scheme's default plan. It must also regularly review them and decide whether they continue to be suitable for the scheme membership.

The Trustee determines the investment strategy based on the investment beliefs set out in the SIP. These are the foundation for ensuring the scheme delivers good value for members.

The Trustee has a set of overarching beliefs to guide all investment activities. These are the starting point for more detailed investment solution beliefs. The Trustee updated the way its investment beliefs were stated as part of changes to the 2023 SIP. You can find these updated beliefs in the current **SIP**.

The Trustee thinks its investment and stewardship activity reflected these investment beliefs in the scheme year.

The Trustee must establish, and regularly review, the aims and objectives of the Trust's default plan to ensure it invests assets in the best interests of the Trust's beneficiaries, based on its investment beliefs. The Trustee reviewed the investment objectives as part of the 2023 triennial strategic investment review. It also reviews them each year as part of the annual SIP review.

3. Trustee's policy on investment objectives and strategy

Based on its investment beliefs, the Trustee has decided on a default plan that it considers appropriate for most scheme members. In the long term, this strategy is expected to deliver a satisfactory return in real (inflation-adjusted) terms.

The lifecycle ('pension journey') strategy invests members' pension savings in two funds in variable proportions, depending on how far they are from their planned retirement age.

Diversified Growth Fund (DGF)

Retirement Countdown Fund (RCF)

The Trustee sets return targets for the DGF and RCF. These were updated in the investment strategy review during the scheme year.

Fund	Return target	
	Before 21 September 2023	**From 21 September 2023**
Diversified Growth Fund	4% plus inflation (after investment charges)	3.5% plus inflation (after investment charges)
Retirement Countdown Fund	Sterling Overnight Index Average (SONIA)	Preserve the real value of member savings over the long-term

The Trustee remains comfortable with how each fund is invested to meet its objectives, including reflecting the Trustee's investment beliefs. The Trustee and its investment committee closely monitors performance. The DGF and the RCF met their return, risk and RI objectives over the scheme year. Although the DGF had met its risk and RI objectives over longer periods, it had underperformed against its return target over three and five-year periods. This was taken into consideration as part of the default plan review.

The Trustee also monitors the performance of the Shariah Fund. This performed in line with its return and risk objectives during the scheme year and since it was introduced.

All Trustee Directors undertook the following investment training during the scheme year. This helped with investment activity oversight and understanding.

Date	Topic
18 May 2023	Focus on sustainability and stewardship training
22 June 2023	Training on leverage
21 November 2023	Training on automatic enrolment, lifestyle investment approaches and illiquids
7 March 2024	Stewardship for pensions

The Trustee has established an investment committee (IC). Its role includes:

- considering and making proposals about the investment strategy and sustainability to the Trustee board
- overseeing and monitoring the implementation and ongoing delivery of investment-related suppliers, including the investment manager
- monitoring progress against the default plan's investment objectives, and
- ensuring consistency with the SIP.

4. Trustee's policies on responsible investment (RI)

A key Trustee belief is that incorporating environmental, social and governance (ESG) factors and real-world sustainability impact into the investment process is necessary as a long-term investor. The Trustee believes doing this mitigates risks, enhances returns and is in our members' best long-term interests. In addition to risk and return objectives set for the DGF and RCF constituting the default plan, the Trustee believes it is essential to measure and manage the impact of its investment policy in line with responsible investment ('RI') objectives. This will help make it possible to invest for a more sustainable world and have a beneficial effect on portfolio returns. (The RI objectives do not apply to the Shariah Fund.)

The Trustee has three sustainability priorities.

1. Climate action
A fast and fair transition to a low-carbon economy is the only way to address the climate crisis.

2. Gender equality
Everyone should have equal rights, responsibilities and opportunities.

3. Living wages
All companies should pay their employees a living wage.

The Trustee recognises the power of collaboration in the pensions industry to bring about changes in these sustainability priorities. On behalf of the scheme and its members the Trustee takes part in industry initiatives including the Principles for Responsible Investment (PRI), Institutional Investors Group on Climate Change (IIGCC), Pensions for Purpose, Climate Action 100+ and Asset Owners Council.

NPL supports and collaborates with a variety of stakeholders, directly and through the investment manager's active participation in industry initiatives. For example, the Trustee supports the investment manager's membership of the Good Work Coalition which focuses on improving work conditions and corporate accountability.

The Trustee believes its policies on responsible investment have been followed throughout the scheme year. The following tables have more detail.

Trustee's RI policies	Activity
The Trustee thinks the investment manager's policies – on taking account of ESG factors in decisions about the selection, retention and realisation of investments – are consistent with the Trustee's RI beliefs. It has delegated responsibility for taking account of ESG factors to the investment manager as part of the overall delegation of day-to-day investment management responsibilities. The Trustee monitors how the investment manager integrates ESG considerations into its investment process.	The investment manager attended the quarterly meetings of the IC to discuss its performance as a responsible investor – specifically, how it has implemented the RI policies and engagement activities included in this implementation statement. The investment manager also attends the bi-monthly board meetings as requested. The Trustee remains confident that the investment manager is seeking opportunities and managing the portfolio, where possible, to meet the RI objectives. After introducing the revised default plan, regular reporting by the investment manager was updated to include more detail on the green and sustainable bonds.

Trustee's RI policies	Activity
As part of its RI objectives, the Trustee has set the following goals. • Net zero carbon greenhouse gas emissions by 2050, with a 50% emissions reduction by 2030 based on 2019 levels. This is consistent with the Paris Climate Agreement goals of limiting global warming to 1.5°C, compared to pre-industrial levels. • At least 75% of the portfolio's net asset value to be in investments which support the Trustee's RI beliefs by having an explicit sustainability objective. Before September 2023 this was 50%.	A revised target of 75% was adopted as part of the investment strategy changes. This had been 50% during the previous scheme year and before 21 September 2023. At the end of the scheme year, 77% of the portfolio's net asset value was in investments that support the Trustee's RI beliefs. You can find these on page 10 of the SIP. A key driver of this increase was the Trustee expanding the DGF's investment in ESG-based equities and sustainable bonds. During the scheme year, the Trustee worked with the investment manager to launch a new equity portfolio, managed directly by Cardano, for the DGF to invest in. This portfolio targets: **1. net zero greenhouse gas emissions by 2050** **2. a 50% emissions reduction by 2030, based on 2019 levels** **3. zero net deforestation by 2030** **4. water neutrality by 2030** The investment manager continues to invest directly in green and sustainable bonds that support companies and projects that contribute to the Trustee's three sustainability priorities. The Trustee considers the impact of its investments and whether they are leading to sustainable financial benefits for members. This will allow the Trustee to better understand and consider the financial risks and opportunities of the transition to a more sustainable world. The Trustee will continue to consider transition risks, physical risks and environmental opportunities for its investment strategies over a range of different scenarios. It will measure its progress towards the goal of net zero carbon emissions by 2050. It will review progress against the net zero goal and decarbonisation framework at least once a year. The Trustee undertook its full year review for the 2022-23 scheme year at the Investment Committee on 15 May 2023. This was followed by a full Board training session on sustainability and stewardship, on 18 May 2023. The Trustee is comfortable with progress to date. It reports its progress in line with the Taskforce for Climate-Related Financial Disclosures ('TCFD'). You can find the TCFD report for the year to 31 March 2024 at **nowpensions.com/tcfd**.

Trustee's RI policies	Activity
The Trustee's three sustainability priorities, which act as guiding principles for investment decisions, are: 1. **Climate action** – a fast and fair transition to a low-carbon economy is the only way to address the climate crisis 2. **Gender equality** – everyone should have equal rights, responsibilities and opportunities 3. **Living wages** – all companies should pay their employees a living wage. The Trustee believes the companies the scheme invests in should demonstrate the same values. You can find out more on the website: **nowpensions.com/about-us/our-sustainability-focus**.	Sections 6 and 7 outline the Trustee's stewardship, engagement and voting policies. It also sets out how the Trustee's voting and engagement activities have followed the sustainability priorities during the scheme year.

Beyond the RI requirements of responsible investing, which the Trustee considers a financial matter, and the availability of the Shariah Fund for Uber members, the Trustee did not explicitly target any other non-financial matters in their investment decision-making.

The Trustee continues to work on maintaining and improving its understanding of the membership and their views about investment and other matters. This helps to ensure that, as far as legally possible, these are reflected in decisions on investment and services to members.

5. Trustee's policy for investment management

The Trustee has entered into an investment management agreement (IMA) with Cardano Risk Management Limited ('the investment manager') and has appointed Cardano as its primary investment manager. The Trustee has delegated responsibility for managing the scheme's assets and all day-to-day investment functions to the investment manager, subject to regular monitoring and review as outlined in the sections under 'Other policies'.

The Trustee holds the investment manager accountable to apply the Statement of Investment Principles as far as possible. There are processes for the investment manager to notify the Trustee where this is not possible. The Trustee agrees appropriate guidelines and restrictions with the investment manager, as set out in the IMA. These guidelines clearly state the investment manager's responsibilities and the scope of their powers, as detailed in the investment governance framework. The Trustee has taken reasonable steps to satisfy itself that the parties it delegates responsibilities to have appropriate knowledge and experience for their role.

The Trustee recognises the importance of its stewardship and engagement activities for achieving good member outcomes and meeting the objectives, policies and priorities in the SIP. On the Trustee's behalf, the investment manager engages and monitors third-party managers to ensure that their engagement and voting activities, including their view of what the most significant votes are, reflect the investment priorities and policies in the SIP.

Investment management policies	
Trustee policy	**Activity**
The Trustee has set out detailed guidelines for the investment manager in the IMA. They include permissible ranges for each kind of investment. The investment manager adjusts the balance of investments in response to evolving market conditions, ensuring that: • it stays within the guidelines • the adjustments will contribute to achieving the return, risk and RI objectives, and • there is sufficient liquidity to meet cashflow and derivative requirements.	The investment manager reported to the Trustee's IC against these guidelines quarterly during the scheme year. There were no investment guideline breaches during this scheme year. The investment manager also reports to the IC on performance against return, risk and RI objectives.
The Trustee regularly reviews the scheme's investment strategy. The investment manager regularly reviews the portfolio composition to ensure it remains appropriate.	In 2023, the Trustee reviewed the default investment strategy as part of the triennial investment review. This review took account of membership demographics and requirements based on detailed member analysis. Changes were made to the investment strategy as a result. You can find the details in Appendix 2. The investment manager attended the quarterly meetings of the Trustee to support the Trustee's review of strategies and performance. The investment manager also provides updates to the Trustee on third party manager activity ensuring alignment of beliefs and objectives.
The Trustee regularly reviews the investment manager's objectives and contract terms, including financial incentives, to ensure consistency with the IMA and SIP.	During the scheme year, the Trustee's IC reviewed the investment manager's objectives and contract terms and determined they remained suitable and fit for purpose. The investment manager remains sufficiently incentivised to align its investment strategies with the SIP.
The fees paid to the investment manager are reviewed annually. Its appointment is reviewed periodically during the scheme year and formally every three years.	The investment manager's appointment and services, including fees, were reviewed through the supplier management board (SMB) in June 2024, after the end of the scheme year. These periodic reviews focus on the long-term incentive for the investment manager to align its investment strategies with the SIP. The SMB determined that members are getting value for the fees. The Trustee also determines that the investment manager is providing value for members through Market in Financial Instruments Directive 2014 (MiFID 2) and Shareholder Rights Directive II (SRD 2) reporting, as well as reviewing scheme year-aligned costs and charges.

Investment management policies	
Trustee policy	**Activity**
The investment manager is required to report, at least annually, on how it takes financial and non-financial performance into consideration when assessing the companies it invests in – including its engagement with investee companies, where this is relevant. The Trustee has delegated responsibility for this to the investment manager and will monitor the investment manager's performance.	The following activity, based on investment type, took place. • As part of its RI policy the Trustee held an allocation to sustainable bonds in the DGF. When choosing these bonds, the investment manager considered the attractiveness of the bond in isolation **and** its role in the investment strategy. • The Trust's equity exposure is invested in passively-managed strategies with specific exposures to ESG factors. This incentivises investee companies to make medium and long-term decisions. Each quarter, the investment manager produces a stewardship report summarising financial and non-financial engagement activity on the equity investments. For example, to assess non-financial factors, the investment manager reports on engagement by managers with investee companies. This includes how these engagements are aligned with the Trustee's stewardship priorities, the number of active engagements and details of specific company engagements. Our investment manager conducts ongoing research on external managers. This covers the following areas. **1. ESG profile and policies.** **2. How they integrate ESG principles into their investment process.** **3. Their capability for engagement and stewardship.** **4. Their reporting to clients on ESG topics.** ESG ratings are developed based on these four areas. These ratings are regularly reviewed and reported to the Trustee. They take into account industry advancements and any changes at each manager. The reports include minimum standards and areas for improvement including, if appropriate, bespoke milestones. Throughout this process the Trust's stewardship priorities are clearly communicated and their application assessed as part of the review of each manager's voting and engagement activities. The investment manager also reviews external managers' own internal policies. This includes diversity, equity and inclusion, firm and fund governance as part of the overall assessment.

6. Trustee's stewardship, engagement and voting policies

The Trustee recognises the pivotal role good stewardship plays in meeting its RI objectives. The Trustee believes the greatest impact comes from its investment manager influencing the companies it invests in through active engagement and dialogue.

The Trustee's stewardship activities, including those delegated to the investment manager, are focused on its three sustainability priorities:

1. Climate action

2. Gender equality

3. Living wage

The Trustee's investment strategy review included moving the default plan's equity assets to a directly held portfolio managed by the in-house investment manager. These were previously held by third-party managers, BlackRock and LGIM. As a result, the Trustee expects to have more influence when voting and engaging. This change was made in the first quarter of 2024. For most of the scheme year, the scheme was invested in third-party managed funds.

The Trustee is satisfied that its stewardship, engagement and voting policies have been implemented throughout the scheme year. The tables below show the activities carried out against each policy.

Trustee's stewardship, engagement and voting policies	Activity
The Trustee expects third-party managers to conform to standards consistent with its own beliefs and those of the SIP. It expects them to apply stewardship principles consistent with the beliefs, priorities and principles in the SIP, and to disclose that they are conforming with their overall policies and objectives. Where possible, the Trustee expects the investment manager and third-party asset managers to engage with companies and other investee entities on matters including performance, strategy, capital structure, managing actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. The aim should be to protect and enhance the value of assets consistent with the Trustee's policies.	In Q1 2024, the investment manager was appointed to directly manage the equity assets of the DGF. These had previously been managed by third-party managers. The Trustee scrutinised the stewardship, voting and engagement policies of the investment manager before the initial investment to ensure they aligned with the Trustee's stewardship policy. The Trustee is comfortable that the investment manager applies stewardship principles consistent with its own beliefs. Before this, the investment manager monitored the default plan's third-party managers, BlackRock and LGIM, to ensure their activities aligned with the Trustee's RI beliefs and approach. The investment manager also engaged with them to help improve their stewardship approach. Details of BlackRock and LGIM's portfolios, including whether the holdings align with the SIP's RI goal, were given as part of the investment manager's quarterly report to the Trustee. The investment manager uses Sustainalytics, an independent ESG and corporate government's research company, to participate in collaborative engagement activity. This enables the investment manager to engage with companies in line with the Trustee's stewardship approach. NPL and the Trustee can also take part in and escalate the engagement with companies. Here are some examples of the investment manager's engagements with the third-party managers over the scheme year. **1. Engagement area: Index construction** **Description of engagement**: On behalf of the Trustee, the investment manager reviewed the impact of updates to one of the third-party managers' ESG scoring framework. It discussed what actions the manager was taking to ensure it stays a leader in its field. **Conclusion and outcome of engagement:** The investment manager was comfortable with the changes and the third-party manager's positioning. The third-party manager implemented new factors when enough data was available in particular sectors, and made changes to address known issues around meeting decarbonisation targets in carbon-intensive indices. The changes appeared to be well thought through and in line with actions to continue to be a leader in the segment.

Trustee's stewardship, engagement and voting policies	Activity
The Trustee expects third-party managers to conform to standards consistent with its own beliefs and those of the SIP. It expects them to apply stewardship principles consistent with the beliefs, priorities and principles in the SIP, and to disclose that they are conforming with their overall policies and objectives. Where possible, the Trustee expects the investment manager and third-party asset managers to engage with companies and other investee entities on matters including performance, strategy, capital structure, managing actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. The aim should be to protect and enhance the value of assets consistent with the Trustee's policies.	**2. Engagement area: Policy** **Description of engagement:** The investment manager engaged with one of the third-party managers on the importance of taking part in sustainable initiatives and raising clients' voting priorities; challenging the belief that the third-party manager is an ESG leader; asking for more definitive views on whether corporate transition plans and capex plans are adequate; and holding management teams to account on their commitment to the Trustee's sustainability priorities. This included voting against management and voting for shareholder proposals. **Conclusion and outcome of engagement:** After discussions with their CCO, the investment manager expected the third-party manager would shift its focus from ESG engagement towards focusing on risk and disclosures. This has started to happen as a response to the increasing politicisation of ESG topics, particularly in the US, where the third-party manager acknowledges the challenges of being an ESG leader. The investment manager disagreed with the third-party manager's view that they are an ESG leader and have downgraded their ESG rating from 'Good' to 'Standard'. The new rating more accurately reflects the third-party manager's position in line with its peers, and discrepancies between the company's ESG policies and its actual activities. **3. Engagement area: Voting activity** **Description of engagement:** Discussed the manager's voting record, collaborative engagement, escalation avenues, prioritisation and voting performance, with a focus on anti-ESG resolutions. **Conclusion of engagement:** The third-party manager collaborated with their proxy adviser and the Corporate Governance Forum to understand how they and the industry can better identify anti-ESG proposals. The investment manager remained comfortable with the third-party manager's approach to collaborative engagement. In addition, on behalf of the Trustee and as part of ShareAction's Good Work Coalition, the investment manager co-filed a shareholder resolution for Sainsbury's' 2022 AGM, asking the company to become an accredited living wage provider. This has been successful in that Sainsbury's updated their lowest wages to align with Real Living Wage rates for 2022. In 2023, the coalition continued dialogue with Sainsbury's, including with the CEO. Sainsbury's revealed that their third-party security staff are now receiving Real Living Wage rates. In January 2024, the company increased base rates to follow the 2024 updated Real Living Wage rates. In this case the Trustee, via NPL staff, also participated directly in letters to the company requesting action on living wages. Also, following a constructive engagement with the investment manager, another holding, Barclays, has published a comprehensive update of its oil and gas policy for the first time since 2020.

Trustee's stewardship, engagement and voting policies	Activity
The Trustee expects the investment manager, and all its third-party managers: • to sign up to the UK Stewardship Code; and • to exercise voting rights in line with the Trustee's policies, with an aim of having meaningful impact on protecting and enhancing the value of assets. Where engagement fails to have a meaningful impact, the Trustee expects the investment manager to exercise its voting rights appropriately. Reducing investment or complete disinvestment are also options. The Trustee also expects the investment manager to sign up to ESG industry initiatives engaging collaboratively and to adopt TCFD recommendations.	The investment manager and third-party managers have all signed up to the UK Stewardship Code. The investment manager believes engagement is more effective when managers collaborate. It has signed up to Climate Action 100+, the Net Zero Asset Managers Initiative and the Institutional Investors Group on Climate Change. NPL, as scheme strategist and manager, is a member of the Asset Owners Council and Institutional Investors Group on Climate Change. The investment manager and NPL use Sustainalytics for specialised engagement services. The investment manager has divested from some of the stocks in the directly-managed equity portfolio. This is due to lack of progress – despite being engaged in dialogue, the investment manager did not get assurances that the companies in question were making progress towards a more sustainable transition.
The Trustee will review the investment manager's engagement activities, including voting, every year as part of producing this annual implementation statement. This also applies to any third-party investment managers. The Trustee will challenge any arrangements or stewardship policies that do not align with the RI approach.	The investment manager and NPL's head of sustainability give the Trustee engagement activity updates at each quarterly IC meeting – so more than once a year. These updates focus on how the Trustee's beliefs are exercised through voting rights attached to the Trust's equity investments - by third-party managers and the new directly managed portfolio used in the default plan - and through engagement activities performed by the investment manager and Sustainalytics. The updates included investment manager reporting across the Trustee's sustainability priorities: climate action, gender equality and living wages. On the Trustee's instruction, the investment manager held conversations with third-party managers on sustainability themes ahead of voting season. The investment manager has also written to the third-party managers reaffirming the Trustee's engagement priorities, and the expectation that these themes will be incorporated in future voting. After the votes were held, the investment manager followed up to assess alignment with Trustee beliefs. Although there is room for further improvement, the Trustee remains satisfied with progress. The Trustee expects engagement activity to be more closely aligned with its RI approach now that equity assets are directly managed by the investment manager. The Trustee monitors and discloses the voting records (included on page 20).

Trustee's stewardship, engagement and voting policies	Activity
Every year the investment manager collates the qualitative and quantitative information the Trustee needs to do its annual review of the stewardship policies and voting records, including those of third-party managers. The Trustee will challenge any arrangements or stewardship practices that do not align with their RI approach.	The Trustee received qualitative and quantitative information about the stewardship policies and voting records on a quarterly basis. There are more details on the voting record in Appendix 1. A new stewardship monitoring report means increased transparency on voting and engagement on the Trustee's priorities. It allows the Trustee to assess the number of votes linked to the priorities, as well as specific engagements.

7. Trustee's voting activity

The use of voting rights is most likely to make a significant financial difference to physical equities. During the scheme year the DGF, which forms part of the default investment strategy, held physical equities in the form of third-party pooled funds managed by BlackRock and LGIM until Q1 2024, and directly by Cardano afterwards. These were the only physical equities in the scheme's default plan during the reporting year. There was no other voting activity.

The Trustee's voting policy with third-party funds is to engage with the managers of these funds about their voting records and level of engagement with the underlying investments.

The table below shows the voting record of the BlackRock equity fund, LGIM equity funds and Cardano's directly managed portfolio.

Voting Activity	9 months to 31 December 2023					3 months to 31 March 2024
Manager	**BlackRock**	**LGIM**				**Cardano**
	ACS World ESG Equity Tracker Fund Class	Future World Europe (ex UK) Equity Index Fund	Future World Japan Equity Index Fund	Future World Asia Pacific (ex Japan) Equity Index Fund-GBP Currency Hedged	Future World UK Equity Index Fund	NOW Global Equity Fund
Number of meetings eligible to vote at	428	413	323	169	385	86
Number of resolutions eligible to vote on	6,130	7,487	3,956	1,233	6,404	1,647
Proportion of eligible resolutions voted on	98%	99.9%	100%	100%	99.7%	99.2%
Resolutions voted[1] on:						
• proportion voted with management	75%	81.1%	89%	74%	93.7%	80.3%
• proportion voted against management	24%	18.5%	11%	26%	6.3%	17.4%
• proportion abstained	0%	0.4%	0%	0%	0%	0.6%

[1] The totals may not add up to 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted or multiple ballots for the same meeting were voted on differently. These figures are provided by the investment manager.

Most significant votes

The Trustee's three sustainability priorities - climate action, gender equality and living wages - inform the Trustee's position on voting and identifying the most significant votes.

The Trustee also incorporates other factors in its assessment of its most significant votes, including the following.

- **Size of impact**: votes which are likely to have a large impact on the company and its practices, the scheme's investments, or the real world impact (on environment or priority themes). Examples include corporate governance, environment policies and executive compensation.
- **Size of ownership:** votes associated with larger holdings tend to have more importance, as they are likely to have a larger impact on the scheme's investments overall. The Trustee also chooses to focus on and engage with companies that make up a larger proportion of its investments.
- **Engagement activity:** votes on issues that have been part of wider engagement.

The most significant votes, determined in this basis, are included in Appendix 1.

The Trustee informs the investment manager on what is considered to be a significant vote, and delegates the responsibility for applying its sustainability priorities to the investment manager. The investment manager prioritised its scrutiny of BlackRock's and LGIM's engagement activities, including voting, based on the Trustee's sustainability priorities, the size of the position and its ability to achieve influence.

While in many cases BlackRock's and LGIM's engagement activities were in line with the Trustee's priorities (climate action, gender equality and living wages), instances were identified where they did not conform. This led to the investment manager engaging with BlackRock and LGIM and discussions with the Trustee on the investment strategy. It ultimately contributed to the Trustee's decision to evolve the investment strategy.

Stewardship, voting approach and track record form an important part of the appointment criteria for third-party managers. The selection process for Blackrock and LGIM included considering their approach to stewardship and alignment with the Trustee's beliefs and sustainability priorities.

BlackRock Voting

BlackRock's corporate governance programme, led by its investment stewardship team, acts as a central clearing house for BlackRock's views across its portfolios with holdings in individual companies, and aims to present a consistent message. BlackRock determine its engagement priorities based on its clients' priorities, objectives and investment principles. As well as this it observes market developments and emerging governance themes and develops them year on year.

BlackRock's key engagement priorities include:

- **board quality**
- **environmental risks and opportunities**
- **corporate strategy and capital allocation**
- **compensation that promotes long-termism,** and
- **human capital management.**

As BlackRock is a third-party manager, these do not link exactly to the Trustee's priorities. However, there are looser links in the following ways.

- **Board quality** = close alignment when board quality is linked to the gender ratio of the board make-up.
- **Environmental risks** = includes climate action.
- **Compensation that promotes long-termism** = some looser links to living wages if there is an acceptable ratio between the lowest-paid in an organisation and the highest executive pay.

BlackRock uses Institutional Shareholder Services (ISS)'s electronic platform to execute its vote instructions, manage client accounts for voting and facilitate client reporting on voting. In certain markets, it works with proxy research firms who apply BlackRock's proxy voting guidelines to:

- filter out routine or non-contentious proposals, and
- refer to it any meetings where additional research, and possibly engagement, might be required to inform its voting decisions.

LGIM voting

LGIM makes all voting decisions in line with its Corporate Governance & Responsible Investment and Conflicts of Interest policy documents. These are reviewed annually and take into account views from attendees of its yearly stakeholder roundtable event. This includes clients and other stakeholders – civil society, academia, the private sector and fellow investors.

It also takes into account client feedback received at regular meetings, along with ad-hoc comments and enquiries. Each member of the investment stewardship team is allocated a specific sector globally. This ensures the same individuals who engage with the company carry out the voting, so that the stewardship approach flows smoothly throughout the engagement and voting process and engagement is fully integrated into the vote decision process. This helps to send consistent messages to companies.

Cardano voting

Cardano has a customised voting policy, updated yearly. It has adopted the International Corporate Governance Network (ICGN)'s global stewardship principles and global governance principles as their overarching guidelines on governance best practice. Cardano have incorporated their sustainable investment framework where applicable, linking material sustainability topics to their voting decisions.

Cardano have selected Glass Lewis as a proxy provider to deliver vote recommendation and execution services. Glass Lewis applies Cardano's custom voting policy. The active stewardship team at Cardano monitors votes through alerts and watchlists. An audit process has also been put in place with Glass Lewis to ensure the policy is applied correctly. Finally, the voting process forms part of Cardano's yearly external audit.

8. How the other policies in the SIPs have been followed over the scheme year

In the Trustee's opinion, the SIPs have been followed throughout the scheme year. There are two versions of the SIP for the scheme year. A new SIP was signed on 21 September 2023 ('2023 SIP') which replaced the previous SIP of 22 June 2022 ('2022 SIP').

The following table gives more detail on the SIP's main policies, setting out the differences between the 2023 and 2022 SIPs and the Trustee's evaluation of how it has followed the SIP's main policies during the scheme year.

Trustee's policies on investment strategy

Trustee Policy	Activity
Since September 2023, the Trustee's policy has been that some members may want an alternative to the default plan for varying reasons, so it may be appropriate to offer a range of investment solutions in due course. Before then, the Trustee's policy was that offering a single investment choice (default strategy) is most appropriate, given the membership profile and limited member engagement and feedback.	As at 31 March 2024 there is currently no choice for members except Uber members, who can choose a Shariah Fund. The vast majority of members are invested in the default plan. The assets of the scheme's default plan continue to be invested in the DGF and the RCF to achieve the appropriate risk profile for the three phases of a member's pension journey. As part of the 2023 strategic investment review, the asset allocation of the DGF and RCF was amended and the de-risking phase between the DGF and RCF for the default was shortened from 15 to 10 years. The target for the default remained a lump-sum destination. The Trustee plans to offer member choice in the future and has undertaken significant work in the year to design new investment plans and self-select investment options (to be known as DIY fund options). These have yet to be implemented. The DGF met its RI and risk objectives but underperformed its return objective over three and five- year periods. The RCF delivered in line with all objectives.

Trustee's policies on Investment Strategy	
Trustee Policy	**Activity**
The majority of assets are readily realisable. This is intended to provide for sufficient liquidity to meet members' purchases and sales, and to manage the derivatives.	The majority of assets held during the scheme year were readily realisable, and cash is readily accessible. The investment manager manages each fund so there is sufficient liquidity to meet members' withdrawals, and to remain stable in stressed market conditions in the following way. • Cash levels are monitored daily by the investment manager, with allocations to different investments managed in compliance with the IMA. • The investment manager considers forecasted cashflows when revising positions. In addition to quarterly reporting, the investment manager provides the Investment Committee with a monthly dashboard (for the DGF, RCF and Shariah Fund) designed to highlight important changes including significant changes to the portfolio, new instruments traded and any large issues that affect the portfolio.
The Trustee delegates to the investment manager: • assessing the expected return on investments • decisions about realising of investments.	The Trustee continues to delegate these assessments and decisions to the investment manager. During the scheme year, the Trustee received monitoring reports on these aspects at its quarterly meetings. Following the Trustee's strategic investment review, the expected return was changed for each of the funds. • DGF - from CPI + 4% a year to CPI + 3.5% a year. • RCF - from preserving the capital value of investments to preserving the real value of investments.
When deciding whether to offer members self-select funds, the Trustee will take into account non-financial factors such as members' ethical or religious views and views about quality of life and social and environmental impact, if the employer expressly asks for this. The Trustee believes that by being a responsible investor, it is managing investment risk with the aim of enhancing long-term portfolio returns. This is in the best interests of the scheme's members and beneficiaries. Beyond these requirements of responsible investing, the Trustee does not explicitly target any non-financial matters when making decisions about the default investment strategy. However, the Trustee continues to work on gaining a better understanding of the membership's views about investment and other matters to ensure that, as far as legally permitted, these are reflected in the decisions we make on investment and delivering our services to members.	The Trustee currently offers Uber members a Shariah-compliant equity fund. The Trustee proposes that this fund, and a Shariah-compliant lifecycle, be made available to all members in the future. The Trustee does not explicitly consider non-financial matters when making decisions about the default option. However, as set out in the SIP, many ESG factors - including climate change - are considered financial factors. The Trustee has made good progress with its member engagement during the scheme year. Members are increasingly aware of corporate social responsibility and ESG, but many members spoken to remain sceptical about progress. No specific non-financial issues were raised by members. As part of the next steps following the Trustee's publication of the scheme's first TCFD report in 2022, a commitment was made to run focus groups with members and employers, to better understand their views on sustainability topics (financial and non-financial) including climate change. The Trustee board works closely with NPL to ensure feedback and research findings direct the scheme's communications and operational strategy.

Trustee's policies on Investment Strategy	
Trustee Policy	**Activity**
	Members can give feedback in the following ways. 1. By emailing the Trustee's mailbox. The mailbox is monitored by NPL's service resolutions team. 2. Through NPL's complaints process and contact centre. An analysis and log of the sentiment of verbatim comments that come through these channels, which include email surveys, phone surveys and Trustpilot reviews, is undertaken. The Trustee also considers the proportion of positive and negative comments as part of the annual value for members assessment. The Trustee proactively seek members' views through research. In late 2023, we commissioned member communications research in the form of interviews and surveys, and in early 2024 investment plan name validation research, in the form of interviews, was undertaken. The results of these were considered in the communication of investment changes and in the naming of the new investment plans.

Trustee's policies on Risk Management	
Trustee Policy	**Activity**
The key risk to members is not meeting their financial retirement objectives. This could be due to insufficient contributions into the scheme or a lack of growth in investment returns.	The Trustee helps members manage the risk of not saving enough by providing information on the importance of saving for retirement. The Trustee assesses the risk of insufficient investment returns through quarterly updates with the investment manager.
Concentration risk: This is the risk of underperformance due to an investment having an overly large adverse impact on the return.	This risk is managed by the investment manager who operates to guidelines that ensure the assets are spread across a range of investments.
Counterparty risk: This is the risk of loss caused by the portfolio trading with a financial institution that defaults on its obligations.	This risk is managed by the investment manager through the selection process of the financial institutions the Trustee contracts with, and regular monitoring of the exposures.
Credit risk: This is the risk of loss arising from the default on expected cashflows.	This risk is managed by the investment manager who operates within guidelines which set out diversification and credit limits.
Currency risk: This is the risk of loss arising from the falling value of overseas investments due to the strengthening of GBP.	This risk is managed by the investment manager who operates to guidelines which set out the permissible level of non-GBP exposure within each Fund.
Leverage risk: This is the risk that the value of the portfolio (or individual positions) will fall faster than it (or they) would without the use of leverage. Leverage requires increased collateral and cash management processes to support the derivatives, and increased credit analysis of counterparties and exchanges. In addition, the cost of the leverage may exceed the return from the leveraged instruments. The amount of leverage and its usage is defined in the IMA.	The investment manager is responsible for managing this risk. Leverage risk is managed by stressing the portfolio and ensuring sufficient collateral is available to meet expected collateral calls. This is monitored by the investment manager and reported to the Trustee as part of the quarterly reporting.
Liquidity risk: This is the risk that there is a shortfall in easily-accessible assets to meet immediate cashflow needs.	This risk is managed by the investment manager who operates to guidelines which require each fund to hold enough liquid assets to provide for members' likely withdrawals, taking into account flows into the scheme and monitoring the requirements for derivative positions.
Operational risks: This is the risk of loss caused as a result of, but not limited to, fraud, acts of negligence or lack of suitable processes.	This risk is managed through agreements with each service provider, monitored regularly by the Trustee. Due diligence is undertaken before the appointment of any new service provider. Furthermore, NPL as the scheme manager, together with the Trustee, undertakes an annual review of all key service providers. The key service providers with operational risk are the custodian and fund administrator, the investment manager, NPL and the scheme administrator.
Valuation risk: This is the risk that investments are not valued properly, and fund unit prices are incorrect.	This risk is managed by through the selection process and regular monitoring of the scheme administrator, and requiring the investment manager and scheme administrator to have clear valuation policies in place for those that assets which are not quoted.

Trustee's policies on Risk Management	
Trustee Policy	**Activity**
Climate risk: This is the risk that member outcomes are impacted by climate change.	This risk is managed through the voting and engagement activity of the Trustee (or appointed suppliers on its behalf) and regularly reviewing the integration of RI, including climate change, considerations. Each scheme year the Trustee publishes its progress on reducing greenhouse gas emissions, and mitigating the financial risk of climate change, in the TCFD report.

Other Policies	
Trustee Policy	**Activity**
The Trustee's investment adviser appointment, including fees, is reviewed periodically throughout the scheme year and formally every three years.	Redington Ltd has continued to provide advice to the Trustee on whether the assets of the scheme are invested in accordance with the policies set out in the SIP and various legislative requirements of the Pensions Act 1995. Redington were last reviewed formally in March 2024 through the supplier management board. Following the review, the IC agreed to carry out a comprehensive review of the current market offerings from investment advisers, which it plans to complete by the end of 2025.

Final remarks

Overall, the Trustee has demonstrated how it:

1. **followed the 2022 and 2023 SIPs over the scheme year**
2. **reviewed the 2022 SIP and adopted the updated 2023 SIP, and**
3. **applied engagement and voting rights to the Trust's investments.**

Over the scheme year, the Trustee continued to make investment decisions in line with the policies set out in the SIPs.

Any actions the Trustee took after the end of scheme year will be covered in the next implementation statement.

1. Appendix 1 Significant votes

The default plan – the one most members are invested in - uses the DGF and the RCF. The DGF invested in BlackRock's ACS ESG Equity Fund and LGIM's Future World regional equity funds until early 2024, when the investments were redeemed and assets were transferred to Cardano's NOW Global Equity Fund. BlackRock, LGIM and Cardano, respectively, exercise voting rights for the assets held.

No investments held by the RCF have voting activity associated with them.

The Trustee and the investment manager work with Blackrock, LGIM and Cardano, using Sustainalytics, to help ensure voting and engagement activity reflect the Trustee's investment priorities. The most significant votes for BlackRock, LGIM and Cardano are summarised in the four tables which follow, labelled by the Trustee sustainability theme. In some cases, more than one manager voted differently on the same proposal.

The scheme's investment managers could not give full information about:

- the approximate size of the Trust's holding for each vote
- whether, if the vote was against management, the voting intention was communicated ahead of the vote, and
- the next steps for each significant vote.

This information was not essential for telling whether the votes set out below were significant. All the votes are considered significant because they are related to the Trustee's sustainability priorities of climate action, gender equality and living wages.

Table 1. Most Significant Votes – BlackRock's ACS ESG Equity Fund and LGIM

All votes were aligned to the climate change sustainability priority.

Most Significant Votes – BlackRock's ACS ESG Equity Fund and LGIM							
now:pensions theme	**Company**	**Shareholder proposal**	**Vote**		**Reason**		**Was proposal passed?**
			LGIM	**Black Rock**	**LGIM's**	**BlackRock's**	
Climate action	Mitsubishi UFJ Financial Group, Inc	To amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement	For	For	LGIM considers that decarbonising the banking sector and its clients is key to meeting the Paris Agreement goals. A group of climate-focused NGOs has been active in this area in the Asian market for a number of years, resulting in the first climate-related proposal of its type at Mizuho ahead of its 2020 AGM. LGIM has supported previous resolutions at the AGMs of each of these Japanese banks since 2020. It has found that these proposals, and the ensuing shareholder dialogue, has helped drive improved disclosures and tighter policies at the companies. Therefore, LGIM supports this proposal to invigorate and encourage further strengthening of policies in line with science-based, temperature-aligned pathways towards a net-zero-by-2050 world. LGIM believes that the drafting of the resolution text is general enough to not be overly prescriptive on management, given the binding nature of amending the articles of incorporation.	Adopting this proposal should enhance the company's current commitments to net zero activities and help ensure stronger alignment between the company's net zero goals and its policies and actions. It would also give shareholders a better understanding of the company's management and oversight of related risks.	Not provided

Most Significant Votes – BlackRock's ACS ESG Equity Fund and LGIM							
now:pensions theme	**Company**	**Shareholder proposal**	**Vote**		**Reason**		**Was proposal passed?**
			LGIM	**Black Rock**	**LGIM's**	**BlackRock's**	
Climate action	Shell Plc	Approve the Shell Energy Transition Progress	Against	Against	LGIM voted against, with reservations. LGIM acknowledges the substantial progress the company has made in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low-carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations. These are key areas to demonstrate alignment with the 1.5C trajectory.	The company's Scope 3 targets relate to intensity reduction, rather than absolute emission reduction. There is a lack of detail on the company's Scope 3 emissions and how it intends to meet its associated targets. More granular and explicit disclosure should be provided to enable stakeholders to make the connection between the Company's goals and the relevant International Energy Agency net zero pathways. Furthermore, carbon capture and storage and offsets form a sizable part of the plan.	Yes
Climate action	Sumitomo Mitsui Financial Group, Inc	To amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement	For	For	LGIM considers that decarbonising the banking sector and its clients is key to meeting the Paris Agreement goals. A group of climate-focused NGOs has been active in this area in the Asian market for a number of years, resulting in the first climate-related proposal of its type at Mizuho ahead of its 2020 AGM. LGIM has supported previous resolutions at the AGMs of each of these Japanese banks since 2020. It has found that these proposals, and the ensuing shareholder dialogue, has helped drive improved disclosures and tighter policies at the companies. Therefore, LGIM supports this proposal to invigorate and encourage further strengthening of policies in line with science-based, temperature-aligned pathways towards a net-zero-by-2050 world. LGIM believes that the drafting of the resolution text is general enough to not be overly prescriptive on management, given the binding nature of amending the articles of incorporation.	Adopting this proposal should enhance the company's current commitments to net zero activities and help ensure stronger alignment between the company's net zero goals and its policies and actions. It would also give shareholders a better understanding of the company's management and oversight of related risks.	Not provided

Most Significant Votes – BlackRock's ACS ESG Equity Fund and LGIM							
now:pensions theme	**Company**	**Shareholder proposal**	**Vote**		**Reason**		**Was proposal passed?**
			LGIM	**Black Rock**	**LGIM's**	**BlackRock's**	
Climate action	Toyota Motor Corp.	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	For	LGIM believes companies should advocate for public policies that support global climate ambitions, not stalling progress on a Paris-aligned regulatory environment. LGIM acknowledges the progress Toyota Motor Corp has made with its climate lobbying disclosure in recent years. However, LGIM believes the process the company uses to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is found, need to be more transparent. LGIM believes the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets and how its climate-lobbying practices are in keeping with this.	An evaluation of how the company's lobbying activities align with the Paris Agreement goals would provide information that would allow shareholders to better evaluate the company's risk related to its lobbying activities.	No

Most Significant Votes – BlackRock's ACS ESG Equity Fund and LGIM							
now:pensions theme	**Company**	**Shareholder proposal**	**Vote**		**Reason**		**Was proposal passed?**
			LGIM	**Black Rock**	**LGIM's**	**BlackRock's**	
Climate action	Mizuho Financial Group Inc.	To amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement	For	For	LGIM considers that decarbonising the banking sector and its clients is key to meeting the Paris Agreement goals. A group of climate-focused NGOs has been active in this area in the Asian market for a number of years, resulting in the first climate-related proposal of its type at Mizuho ahead of its 2020 AGM. LGIM has supported previous resolutions at the AGMs of each of these Japanese banks since 2020. It has found that these proposals, and the ensuing shareholder dialogue, has helped drive improved disclosures and tighter policies at the companies. Therefore, LGIM supports this proposal to invigorate and encourage further strengthening of policies in line with science-based, temperature-aligned pathways towards a net-zero-by-2050 world. LGIM believes that the drafting of the resolution text is general enough to not be overly prescriptive on management, given the binding nature of amending the articles of incorporation.	Adopting this proposal should enhance the company's current commitments to net zero activities and help ensure stronger alignment between the company's net zero goals and its policies and actions. It would also give shareholders a better understanding of the company's management and oversight of related risks.	Not provided

Table 2. Most Significant Votes – BlackRock's ACS ESG Equity Fund

Most Significant Votes – BlackRock's ACS ESG Equity Fund					
now:pensions theme	**Company**	**Proposal**	**Vote**	**Blackrock's Reason**	**Was proposal passed?**
Climate action	Goldman Sachs Group	Disclose 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting	For	This proposal should enhance the company's current commitments to net zero activities and help ensure stronger alignment between the company's net zero goals and its policies and actions. Adopting the resolution would also give shareholders a better understanding of the company's management and oversight of related risks.	No
Living wages	Amazon	Commitment to Freedom of Association and Collective Bargaining	For	Shareholders would benefit from increased transparency and disclosure on how the company is managing human rights-related risks.	No

Table 3. Most Significant Votes - Legal and General Investment Management's (LGIM's) Future World equity funds[2]

Most significant votes – Legal and General Investment Management's (LGIM's) Future World equity funds					
now:pensions theme	**Company**	**Proposal**	**Vote**	**LGIM's Reason**	**Was proposal passed?**
Climate action	Aviva Plc	Approve climate related financial disclosure	For	LGIM considers the report is aligned with LGIM's climate expectations. LGIM is publicly supportive of 'Say on Climate' votes. LGIM expects the transition plans companies put forward to be ambitious and credibly aligned to a 1.5C scenario. Given the high profile of these votes, LGIM deem such votes to be significant, particularly when it votes against the transition plan.	Yes
	Dino Polska SA	Approve discharge of Chairman	Against	The company is deemed to not meet the minimum standards of LGIM's deforestation policy. LGIM consider this vote to be significant as it is applied under their engagement programme on deforestation, targeting companies in high-risk sectors.	Yes
	Domino's Pizza Group	Re-elect Matt Shattock as Director	Against	The company is deemed to not meet minimum standards with regard to LGIM's deforestation policy.	Yes
	National Australia Bank Limited	Approve transition plan	For	LGIM expects companies to take sufficient action on the key issue of climate change. While LGIM acknowledged the Company's disclosures on sector policies and emissions reduction targets, they believed that additional reporting on how this is assessed in practice, and any timelines associated with this in light of the Company's existing commitments, was considered beneficial to shareholders.	Withdrawn
	Pilbara Minerals Ltd	Elect board member as Director	Against	The company is deemed not to meet minimum standards for climate risk management.	Yes
	Schneider Electric	Approve company's climate transition Plan	Against	LGIM expects companies to introduce credible transition plans, consistent with the Paris goal of limiting global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and significant scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	Yes

[2] Future World Europe (ex UK) Equity Index Fund - GBP Currency Hedged, Future World Japan Equity Index Fund - GBP Currency Hedged, Future World Asia Pacific (ex-Japan) Equity Index Fund - GBP Currency Hedged and Future World UK Equity Index Fund.

Most significant votes – Legal and General Investment Management's (LGIM's) Future World equity funds					
now:pensions theme	**Company**	**Proposal**	**Vote**	**LGIM's Reason**	**Was proposal passed?**
Climate action	Chubu Electric Power Co.	Elect Director	Against	As part of LGIM's climate impact pledge, it sets out expectations (known as red lines) of companies that are the minimum requirement to transition to a net-zero world by 2050. LGIM had asked Chubu to discuss areas where they were not meeting these red lines. This included having targets for phasing out of unabated coal (coal production without the use of technology to capture emitted carbon) by 2030, a target to reduce significant scope 3 emissions and disclosure of climate-related lobbying activities. Despite the engagement, LGIM was still cautious around the lack of target for the sale of gas, the conservative time-frame commitment to phasing out thermal coal, and an intention to disclose information on its climate lobbying activities that was not acted on. In line with LGIM's voting sanction under the Climate Impact Pledge, LGIM voted against the re-election of the chair while continuing engagement to improve these areas in the future.	Yes
Gender equality	Novartis AG	Re-elect male board member as Director and Board Chair	Against	LGIM expects companies to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation on the board and in leadership positions over time. LGIM views gender diversity as a financially material issue for equity holders.	Not Provided
Gender equality	Sharp Corp.	Elect male board member as Director	Against	Lack of meaningful diversity on the board.	Yes
Living wages	Pearson Plc	To approve the remuneration policy (which has a loose link to living wage, in terms of the gap between the lowest and highest paid)	Against	The company consulted with LGIM before publishing their remuneration policy to propose some changes to executive pay. The changes centred around the fact that their CEO is US-based and should be compensated in line with US peers with a higher proposed annual bonus and long-term incentive award. LGIM's main concern was, that although the company wants to align the CEO's salary with US peers, they have elected to use UK practices for his pension. This would result in a pension provision of 16% of salary, which is more than his US peers typically receive.	Yes

Table 4. Most Significant Votes – Cardano's NOW Global Equity Fund

Most Significant Votes – Cardano's NOW Global Equity Fund						
now:pensions theme	**Company**	**% Ownership**	**Proposal**	**Vote**	**Cardano's Reason**	**Was proposal passed?**
Climate action	Nordea Bank	0.04%	Align business strategy to Paris Agreement	For	The resolution asked the company to have a strategy fully aligned with the Paris Agreement, by stopping loans and underwriting to companies and projects that expand fossil fuel extraction, or lack Paris-aligned phase-out plans. Cardano believes banks have an important role to play in decarbonising the economy.	Not yet disclosed
Gender equality	Shanghai Pharmaceuticals Holding Co.	0.002%	Election of a male board member	Against	This board failed to appoint any female members. Cardano's policy is to increase diversity within boards. It can vote against any nominee who is either the nominating committee chair or a newly appointed male member.	Yes
Living Wages/ Gender Equality	A.P. Moller – Maersk AS	0.01%	Report on human rights due diligence process	For	Cardano believes that more transparency about the company's due diligence on human and labour rights would help investors better understand the risks the company is exposed to. Although the company does disclose some human rights risks, further disclosure is needed to better understand the company's human rights due diligence, specifically the human rights-related financial risks. The requested report should be audited by a third party and should include the methods and findings of the most recent human rights assessment, as well as targets and monitoring progress in achieving these.	Not yet disclosed

Table 5. What did Cardano think of how BlackRock and LGIM voted?

Company	Voting		Cardano's comments
	LGIM	BlackRock	
Shell Plc	Against	Against	Cardano does not hold investments in Shell, but the vote and rationale are in line with progressing the transition. The resolution was passed by shareholders.
Amazon	For	N/A	Before implementing the NOW Global Equity fund, Cardano voted for this resolution in other client portfolios and co-filed this resolution.
Pearson Plc	Against	N/A	This vote is in line with Cardano's policy on executive compensation.
Schneider Electric	Against	N/A	Before implementing the NOW Global Equity Fund, Cardano voted for this resolution in other client portfolios. However, LGIM's rationale was different as it was stricter than Cardano in this instance. Therefore its rationale is valid.
Pibara	Against	N/A	Cardano found the vote against the re-election of the director an interesting example of climate-related escalation.
Sharp Corp.	Against	N/A	These votes are good examples that clearly link to the Trustee's sustainability priority of gender equality, as the votes are to encourage more diversity on the board.

2. Appendix 2 Changes to the default investment strategy over the scheme year

Part of lifecycle	High level change	Detail
Saving phase	Revised investment strategy and objectives	• The portfolio has been designed with similar levels of risk/return but is more straightforward to communicate. • Returns in tail risk events - very rare and extreme risks that are highly unlikely to happen but have a large impact if they do - are likely to be similar to the previous approach. • More of the portfolio is managed using an approach consistent with the Trustee's RI beliefs. • Portfolio charges are expected to be similar. • The investment approach will be more recognisable to members as it is similar to the approaches offered by other master trusts. This should make it simpler for members to compare providers. • The Trustee has set a goal to build up the illiquid allocation within the DGF over the coming few years, with an initial target of 5%. The return and RI targets, and the expected volatility, changes as a result of the change to the investment approach and investment tool kit. • A slightly lower long-term return target of CPI + 3.5% a year, rather than CPI + 4.0% a year. • Marginally higher expected long-term risk - volatility of 12.5% to 14% a year, rather than a target of 12.5% a year. • A higher RI target of 75%, rather than 50%. There will be a meaningful increase in the proportion of assets managed in a manner consistent with the Trustee RI beliefs. This is expected to increase over time.
Glidepath	Reduce the period to 10 years from 15	• Member outcomes are expected to improve across a range of scenarios by reducing the term of the glidepath (or de-risking period) to 10 years. • There is a small increase in the downside risk, but that is outweighed by the expected improvements in the median and more positive outcomes.
De-risking phase	Increase the risk/ return of the portfolio at the end of the glidepath	• Member outcomes are expected to improve across a range of scenarios by slightly increasing the expected level of risk/return in the portfolio at the end of the glidepath. • The allocation to the DGF and RCF was adjusted to 30% DGF / 70% RCF from 20% DGF / 80% RCF. • Exposure to investment-grade credit within the RCF has increased.
Overall	Expected improvement in member outcomes	• When the three phases of the default plan are combined, analysis shows that member outcomes are expected to improve across a range of scenarios. This should also improve because of the increased ability for the manager to invest in line with the Trustee's RI beliefs. • The revised default plan is expected to improve member outcomes around 90% of the time, compared to the previous approach. • There is expected to be a net benefit to members from the Trustee adopting the revised default plan.

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Information correct as at October 2024. NP/D0065/10/2024.

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