

Implementation Statement

Chartered Society of Physiotherapy Staff Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the Chartered Society of Physiotherapy Staff Pension Scheme ("the Scheme") to set out the following information over the year to 31 March 2024:

- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2023 and has been made available online here: [Chartered Society of Physiotherapy Staff Pension Scheme Statement of Investment Principles \(SIP\) \(schemedocs.com\)](https://www.schemedocs.com/Chartered-Society-of-Physiotherapy-Staff-Pension-Scheme-Statement-of-Investment-Principles-SIP)

Over the year, the Trustees discussed and agreed the following stewardship priorities for the Scheme.

- Stewardship Priority #1 – As a Trade Union, issues involving worker welfare are very important to the Trustees, Scheme members, and the Society. These issues cover a range of areas affecting employees including fair pay, board remuneration, modern slavery, equal rights, human rights, and attitudes towards unionisation to name a few.
- Stewardship Priority #2 – Climate change will have a material impact on human populations over the next several decades. Moving economies to net-zero will form a key component of mitigating the negative impacts of climate change.

As investors in pooled funds, the Trustees accept that there is limited direct influence they can have on an investee company's policies on these matters. The Trustees will monitor their investment manager's stewardship on these matters as part of their annual implementation statement and will raise any concerns that arise directly with their investment managers.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers. As of 31 March 2024, the Scheme's assets are invested with Legal & General Investment Management ("LGIM"), Partners Group and M&G Investments.

Annually the Trustees receive and review voting information and engagement policies from both the asset managers and our investment advisors, which we review to ensure alignment with our own policies. This exercise was undertaken in July 2024 as part of preparing this implementation statement.

The Trustees met with LGIM, M&G and Partners Group at the 28 November 2023 Trustees meeting which included a discussion on their ESG integration and stewardship as part of the presentation.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Prepared by the Trustees Chartered Society of Physiotherapy Staff Pension Scheme

July 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers on behalf of the Trustees over the year to 31 March 2024. The M&G Total Return Credit Investment Fund and the LGIM LDI funds are not shown here as they have no voting rights and limited ability to engage with key stakeholders given the nature of the mandates.

Manager	LGIM	LGIM	Partners Group*
Fund name	Future World Global Equity Fund (GBP Hedged and Unhedged)	Diversified Fund	Partners Generation Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	5,134	8,997	67
Number of resolutions the manager was eligible to vote on over the year	52,212	93,090	999
Percentage of resolutions the manager voted on	99.9%	99.8%	100.0%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	80.3%	76.6%	93.0%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	19.5%	23.1%	6.0%
Percentage of resolutions the manager abstained from	0.3%	0.3%	1.0%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	11.1%	14.5%	4.0%

Totals may not sum due to rounding.

*Partners Group provide voting data on a semi-annual basis and hence the information is shown for the year to 31 December 2023.

Significant votes

The investment managers have provided a selection of votes which they believe to be significant. The Trustees selected 3 of the most significant votes for each fund which relate to the stewardship priorities of the Scheme.

Partners Group were not able to provide sufficient information on the significant votes for the Partners Generation Fund, therefore it is not shown below.

A summary of the significant votes provided is set out below.

LGIM, Future World Global Equity Fund (GBP Hedged and Unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	JPMorgan Chase & Co.	Royal Bank of Canada
Date of vote	24 May 2023	16 May 2023	5 April 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	0.9%	0.3%
Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Report on 2030 Absolute Greenhouse Gas Reduction Goals
How the manager voted	For	For	For
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM believe this is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives.	LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders.	LGIM will generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for the high-emitting sectors in line with energy scenario analysis and market expectations of absolute reductions over time.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.	LGIM considers this vote to be significant as they pre-declared their intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	LGIM considers this vote to be significant as they pre-declared their intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
Relevant stewardship priority	Worker welfare	Climate change	Climate change

LGIM, Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Toyota Motor Corp.	American Water Works Company, Inc.
Date of vote	23 May 2023	14 June 2023	10 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.2%	0.1%
Summary of the resolution	Approve the Shell Energy Transition Progress	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Oversee and Report a Racial Equity Audit
How the manager voted	Against	For	For
Rationale for the voting decision	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment.	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.
Outcome of the vote	Pass	Fail	Information not provided
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	LGIM considers this shareholder proposal significant as they view gender diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.
Relevant stewardship priority	Climate change	Climate change	Worker welfare

Engagement data

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI funds held with LGIM due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Partners Group did not provide the number of engagement at both the fund level and the firm level in their reporting, so the Partners Generation Fund has been excluded from the table below.

Manager	LGIM	LGIM	M&G
Fund name	Future World Global Equity Fund (GBP Hedged and Unhedged)	Diversified Fund	Total Return Credit Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	795	1,643	13
Number of engagements undertaken at a firm level in the year	2,144	2,144	346

Firm level examples of engagement activity undertaken over the year to 31 March 2024

LGIM, Future World Global Equity Fund (GBP Hedged and Unhedged) & Diversified Fund

In 2022, MSCI assigned a red controversy flag to Volkswagen in light of the allegations of using forced labour in their operation in Xinjiang. Since then, LGIM have increased their dialogue with the company further, and have engaged on the question of human rights and the company's presence in Xinjiang with senior management including the CFO and Head of Treasury, as well as Investor Relations. Communication has taken place via multiple communication channels, including in person, conference calls and written correspondence.

LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen resolved to obtain an independent audit of its joint ventures plant in Xinjiang, which was conducted in December 2023. This audit has been conducted by a high profile and well-respected body and appears to address the main concerns around operations at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag. As a result of the removal of the red flag, it is now possible for a greater proportion of LGIM funds to participate in new bond issuances.

LGIM will continue to engage with Volkswagen on the subject of human rights and other governance topics, including the long-term future of the plant in Xinjiang and retain an open dialogue with the company and its management. LGIM Stewardship team will continue also to exercise voting rights at the company, in line with their published policies and expectations, to escalate where appropriate.

Partners Group, Partners Generation Fund

Wedgewood Pharmacy is the largest US provider of custom-compounded animal medications. Through its direct ownership, Partners Group engaged with the company on all of the aspects of E, S and G over the year.

For example, Partners Group has completed several "Environmental" initiatives including Scope 3 footprint assessment and identification of sustainable materials and packaging alternatives. Under the "Social" pillar Partners Group has engaged with the company by covering the Health & Safety goals, Active Shooter training, and community initiatives like 2nd Harvest food bank volunteering. Lastly, under the "Governance" pillar, Partners Group has done some initiatives such as drafting a Corporate Health & Safety Policy and enhancing cybersecurity with two-step authentication and Acceptable Use Policy.

M&G, Total Return Credit Fund

In June 2023, M&G met with Brambles Finance to discuss their executive remuneration and decarbonisation strategy. In particular, M&G asked Brambles to more explicitly link remuneration KPIs to sustainability targets, reflecting the company's role as a promoter of, and practitioner in, the circular economy. On the decarbonisation strategy, M&G asked Brambles to consider reporting on specific milestones on the path to achieving the goals of its decarbonisation strategy, with specific ties to remuneration.

Brambles was very receptive to M&G's requests and explained that the relatively long list of reported personal objectives, linked to 30% of short term incentives, were tailored to individual roles – the company would look to provide a clearer picture on a role-by-role basis. The company also suggested a follow-on call with the head of sustainability to discuss more granular milestones connected to its decarbonisation strategy, which M&G will follow up on. M&G mentioned that, depending on the further information provided, they will write to the chair of the remuneration committee. M&G also stated that they are going to send the company examples of remuneration best practice to help guide the outcome.