

British Dental Association Pension Scheme

Implementation Statement

This is the Implementation Statement prepared by the Trustees of the British Dental Association Pension Scheme ("the Scheme") and sets out the following information over the year to 31 March 2024:

- How the Trustees' policies on exercising rights (including voting rights) and engagement 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.

How voting and engagement policies have been followed

The Trustees invest entirely in pooled funds, and therefore delegate responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustees have reviewed the stewardship and engagement activities of the current managers during the year and were satisfied that their policies were reasonable and no remedial action was required during the period.

Throughout the year the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies. The Trustees meet with the managers regularly and discussions include the managers' engagement and voting activity.

Additional information on the voting and engagement activities carried out for the Scheme's investments are provided on the following pages. The Trustees and their investment consultant are working with the fund managers to improve the availability and quality of information included in future Implementation Statements.

As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues.

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.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at March 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in February 2024 and has been made available online here:

[Statement of Investment Principles - British Dental Association Pension \(schemedocs.com\)](https://www.schemedocs.com)

There were no changes to the stewardship policy over the year and the Trustees continue to delegate the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

At this time, the Trustees have not yet set stewardship priorities/themes for the Scheme. The Trustees have considered setting stewardship priorities/themes, however they acknowledge that they are constrained by being

a relatively small investor in larger pooled funds, with limited scope to influence the managers. They have considered adopting the managers' priorities for the Scheme, but are keeping this under review through regular monitoring. The Trustees take managers' stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

**Prepared by the Trustees of the British Dental Association Pension Scheme
July 2024**

Voting undertaken on behalf of the Trustees

Voting only applies to equities held in the portfolio. The Scheme's equity investments are held in pooled equity funds managed by Legal & General Investment Management (LGIM) and a pooled diversified growth fund also managed by LGIM. The use of pooled funds means that there is limited scope for the Trustees to influence voting, which is carried out by the fund managers on behalf of the Trustees.

The table below provides a summary of the voting activity undertaken during the year.

Manager	LGIM					
Fund name <i>For funds marked with an asterisk (*), the Scheme invests in both GBP currency hedged and non-currency hedged share classes.</i>	UK Equity Index	Europe (ex UK) Equity Index*	North America Equity Index*	Japan Equity Index*	Asia Pacific (ex Japan) Developed Equity Index*	Diversified 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.					
No. of eligible meetings	709	542	645	514	461	8,997
No. of eligible votes	10,462	9,556	8,731	6,103	3,279	93,090
% of resolutions voted	99.8%	99.7%	99.8%	100.0%	100.0%	99.8%
% of resolutions abstained	0.03%	0.41%	0.00%	0.00%	0.00%	0.29%
% of resolutions voted <i>with</i> management¹	94.4%	80.6%	65.4%	88.0%	74.9%	76.6%
% of resolutions voted <i>against</i> management¹	5.6%	19.0%	34.6%	12.0%	25.1%	23.1%
Proxy voting advisor employed	Yes					
% of resolutions voted against proxy voter recommendation	4.6%	10.7%	29.0%	9.8%	16.1%	14.5%

¹As a percentage of total number of resolutions voted on.

Some voting percentages quoted above may not sum to 100.00%. Managers assure us that this is due to classifications of votes and abstentions both internally and across different jurisdictions.

There are no voting rights attached to the other assets held by the Scheme and therefore there is no voting information shown above for these assets.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme and therefore, for this Implementation Statement, the Trustees have delegated to the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided between 56 and 2,254 voting examples for their various funds. In the absence of agreed stewardship priorities / themes, the Trustees have selected one vote from each fund to represent what it considers the most significant votes cast on behalf of the Scheme. The votes of the largest holdings relating to each fund have been chosen as the most significant, as shown below. Please note that for funds marked with an asterisk (*), the Scheme invests in both GBP currency hedged and non-currency hedged share classes.

Fund	LGIM UK Equity Index Fund	LGIM North America Equity Index Fund*	LGIM Europe (ex UK) Equity Index Fund*
Company name	Shell Plc	Microsoft Corporation	Novartis AG
Date of vote	23 May 2023	7 December 2023	5 March 2024
Summary of the resolution(s)	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 1.06 - Elect Director Satya Nadella	Re-elect Joerg Reinhardt as Director and Board Chair
How the manager voted	Against (against management recommendation)	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate change: 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.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Diversity: a vote for is applied following engagement with the company.

Fund	LGIM UK Equity Index Fund	LGIM North America Equity Index Fund*	LGIM Europe (ex UK) Equity Index Fund*
Outcome of the vote	80.0% (Pass)	94.4% (Pass)	96.1% (Pass)
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	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"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They 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 they vote against the transition plan.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

Fund	LGIM Japan Equity Index Fund*	LGIM Asia Pacific (ex Japan) Developed Equity Index Fund*	LGIM Diversified Fund
Company name	Toyota Motor Corp.	Westpac Banking Corp.	Prologis, Inc.
Date of vote	14 June 2023	14 December 2023	4 May 2023
Summary of the resolution(s)	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan	Resolution 1j - Elect Director Jeffrey L. Skelton
How the manager voted	For (Against Management Recommendation)	Against	Against (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	
Rationale for the voting decision	<p>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. They acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, they believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. They believe 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.</p>	<p>Climate change: A vote against this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM positively note the company's net-zero commitments and welcome the opportunity to voice their opinion on the bank's climate transition plan, LGIM highlight some concerns with the scope of targets and disclosures. In particular, the bank has not committed to establish science-based targets. In addition, the sector policies, notably on certain fossil fuels (such as unconventional oil and gas), and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.</p>	<p>Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.</p> <p>Diversity: A vote against is applied as the company has an all-male Executive Committee.</p>

Fund	LGIM Japan Equity Index Fund*	LGIM Asia Pacific (ex Japan) Developed Equity Index Fund*	LGIM Diversified Fund
Outcome of the vote	15.1% (Fail)	Pass	Pass
Implications of the outcome	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"	Pre-declaration and Thematic - Lobbying: 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, they expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.

Fund level engagement

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 managers during the year at a firm level.

Data Limitations

Information relating to fund level engagement policies was requested from the Scheme's investment managers. LGIM have provided their data at a firm level, rather than at fund level. The Trustees' investment consultants are working with the managers to improve the depth of the information provided in the requested format.

Manager	LGIM	Vontobel TwentyFour
Fund name	Applicable for all LGIM funds	Strategic Income Fund
Number of engagements undertaken on behalf of the holdings in the fund(s) in the year	Not Provided	92
Number of engagements undertaken at a firm level in the year	2,144	300
Number of companies the manager engaged with at a firm level during the year	2,006	Engagements with around 300 corporates and 15 regulators/industry bodies
Examples of engagements undertaken at a firm level in the year	<p>The top engagement topics over the year to 31 March 2024 were:</p> <ul style="list-style-type: none"> Climate impact pledge & climate change Remuneration Strategy Board composition <p>As an example, LGIM engaged Nestlé over the year to 31 March 2024.</p> <p>Given the link between poor diets and health conditions, LGIM believe that Nestlé have an important role to play in setting an example for the rest of the industry in terms of driving positive change in the area of nutrition.</p> <p>In September 2023 Nestlé announced a new nutrition target which LGIM did not believe was ambitious enough. They therefore engaged with Nestlé calling on the company to:</p> <ul style="list-style-type: none"> Set key performance indicators (KPIs) regarding the absolute and proportional sales figures for 	<p>TwentyFour met with the Nationwide CFO to review their annual results and follow up on a number of environmental aspects, most importantly the verification of their net zero targets.</p> <p>Nationwide bank expect to have their Science Based Target (SBTi) reduction targets completed before the end of 2023. They continue to engage with the government on what needs to be done to tackle UK household scope 3 emissions. On green loans, prior offerings to existing customers have failed to gain any traction, despite the favourable terms, so they have now gone one step further by offering these loans interest free up to £15,000 to help fund heat pumps, double glazing, insulation etc.</p> <p>Overall TwentyFour believe this is a satisfactory response – the social profile remains very strong. The interest free offering is the first of its kind from the UK banking sector which is impressive. They will continue to monitor SBTi disclosures later this year.</p>

Manager	LGIM	Vontobel TwentyFour
	<p>food and beverage products according to their healthfulness,</p> <ul style="list-style-type: none"> • Provide a timebound target to increase the proportion of sales derived from these healthier products. <p>LGIM will monitor the company's response and actions, and continue their engagement with them on this issue.</p>	