

Implementation Statement

St Paul's Schools' Pension Scheme for Non-Teaching Staff

Purpose of this statement

This implementation statement has been produced by the Trustees of the St Paul's Schools' Pension Scheme for Non-Teaching Staff (the "Trustees" and the "Scheme", respectively) to set out the following information:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- 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.

Scheme year material event

In April 2024, the Trustees purchased a bulk annuity policy with Just Retirement (the "insurer"), which, following a period of data cleansing, and along with a small amount of existing insurance policies, is expected to meet the benefit entitlements of each of the Plan's members. The Trustees note that by securing the Plan's benefits with the insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the insurer.

The Scheme was invested in other assets with Legal & General Investment Management ("LGIM") prior to the bulk annuity transaction, and we have provided information with regards to these investments in the report.

Stewardship priorities

Given the Trustees' decision to purchase a bulk annuity policy with the insurer, the Trustees decided not to set stewardship priorities for the Scheme at this moment in time but will assess this decision in due course should circumstances change.

Trustee policies on voting and engagement

The Trustees' Statement of Investment Principles ("SIP") describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

"Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer. However, the Trustees have an expectation that the Insurer will engage with the issuers of the underlying holdings in a way that is appropriate for the nature of the assets under consideration.

The Insurer has discretion over where in an investee company's capital structure it invests, whether directly or as an asset within a pooled fund. The Trustees consider it to be a part of the Insurer's role to assess and monitor developments in the capital structure for each of the companies in which the Insurer invests.

The Scheme's residual assets are expected to be held in cash, where the impact of engagement on risk/return is expected to be limited (particularly given the short timeframe over which cash is expected to be held)."

The latest signed version of the SIP is dated September 2024 and has been made available online here:

<https://schemedocs.com/download/st-pauls-schools-pension-scheme-statement-of-investment-principles.pdf?ver=2024>

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- Prior to purchasing the bulk annuity policy, the Scheme was invested in pooled funds with LGIM. The Trustees, with input from their investment consultant, have received and reviewed (through their Implementation Statement) the voting information and engagement policies of LGIM, to ensure alignment with the Trustees' own policies. The findings of the Trustees' review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report and Accounts for the year to August 2024.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of LGIM were in alignment with the Scheme's stewardship policies up until disinvestment in April 2024.

The Trustees considered the Insurer's ESG and sustainability policies as part of the appointment process and were comfortable their approach.

**Prepared by the Trustees of the St Paul's Schools' Pension Scheme for Non-Teaching Staff
February 2025**

Voting Data

Voting is only applicable to assets with voting rights attached (e.g. equities). Over the 12-month period to 31 August 2024, the Scheme held no assets with voting rights attached.

For the majority of the reporting period (to 1 May 2024), the Scheme was invested in an LDI mandate with LGIM, as well as investments in the LGIM Maturing Buy & Maintain Credit Fund range, and the LGIM Sterling Liquidity Fund, none of which have any voting rights attached. In April 2025, the Scheme purchased a bulk annuity policy with the Insurer, and as such has no residual assets invested outside of cash held in the Scheme bank account. Neither of these have any voting rights attached.

Therefore, there is no voting data or significant voting to report. There was no use of proxy voting services over the period.

Fund level engagement

LGIM may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by LGIM over the six months to 31 March 2024 (the closest quarter-end to the point of disinvestment on 1 May 2024).

The Scheme was invested in the LGIM Absolute Return Bond Fund at the start of the period under review however it made a full disinvestment on 8 November 2023. Therefore, on the grounds of materiality we have excluded engagement data relating to the Fund from the statement.

Engagement activities are limited for the Scheme's LDI portfolio and the LGIM Sterling Liquidity Fund due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

Manager	LGIM			
Fund range	Maturing Buy & Maintain Bond Fund range			
Fund bucket name	2025-29	2030-34	2035-39	2040-54
Number of engagements undertaken on behalf of the holdings in this fund in the six months to 31 March 2024	88	63	46	56
Number of entities engaged on behalf of the holdings in this fund in the six months to 31 March 2024	52	43	29	35
Number of engagements undertaken at a firm level in the six months to 31 March 2024	674			

Example of engagement activity undertaken over the year to 31 March 2024

LGIM – Firm level

Nestlé

LGIM believe there is a clear link between poor diets and chronic health conditions such as obesity, heart disease, and diabetes. These can lead to higher health costs, lower productivity and an impact on economies, and thus client returns.

In Q4 2022, LGIM co-signed letters to food and beverage manufacturers, including Nestlé, under ShareAction's Healthy Markets Initiative. In the tailored letters, LGIM encouraged the companies to do more in several areas, including the following:

- Transparency around their nutrition strategy.
- Demonstrating progress on their nutrition strategy.
- Disclosures around the proportion of the company's portfolio and sales associated with healthy food and drinks products.
- Setting targets to increase the proportion of healthy food sales.

Nestlé, following the letter, met with LGIM several times. In late 2022, Nestlé announced they would report on their global portfolio using the nutrient profiling star rating system which allows them to provide the disclosures that LGIM requested, which was a positive sign. LGIM continued to meet with Nestlé as part of this collaboration during 2023 to discuss their ongoing concerns, particularly regarding their plans not just to monitor but also actively to increase their sales of healthier products.

In September 2023, Nestlé announced a new nutrient target which LGIM did not believe was ambitious enough. LGIM was concerned that the target growth was in line with actual company growth therefore if all of the firm's growth was in unhealthier foods, it would mean there is no improvement linked to healthy food sales. There were also some foods that Nestlé considered 'nutritious' that LGIM did not under the guidance.

In early 2024, LGIM shared their concerns with ShareAction, and agreed to co-file a shareholder resolution at Nestlé's annual meeting. This called for Nestlé to set key performance indicators regarding sales figures for food and beverages according to their 'healthfulness'. LGIM also requested Nestlé provide a timebound target to increase the proportion of sales derived from these healthier products.

LGIM will continue to monitor the company and their response to the concerns raised.