

The Pension and Life Assurance Plan of the Royal Society Annual Report for the year ended 31 December 2024

Implementation Statement for the year ended 31 December 2024

The Pension & Life Assurance Plan of the Royal Society (“the Plan”)

Introduction

This Implementation Statement (the ‘Statement’) has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

Section 1 of this Statement sets out the investment objectives of the Plan as outlined in the Statement of Investment Principles



A copy of the SIP is available at: [The Pension and Life Assurance Plan of the Royal Society SIP - Implementation Statement \(schemedocs.com\)](https://schemedocs.com)



Section 2 of this Statement comprises information on the engagement and key voting activities of the underlying investment managers of the Plan, and also sets out how the Plan’s engagement and voting policy has been met.

Section 1 – Statement of Investment Principles

The Trustees believe that it is important to consider the policies in place in the context of the objectives they have set.

The objectives for the Plan specified in the SIP are as follows:

- to ensure that they can meet the members’ entitlements under the Trust Deed & Rules as they fall due;
- to achieve a long term positive real return consistent with the Trustees’ assumptions agreed as part of the triennial Scheme Funding valuation;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Plan’s required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet the cost of current and future benefits which the Plan provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long-term costs of the Plan by maximising the return on the assets whilst having regard to the above objectives.

During the year, the Trustees amended the Plan’s SIP to reflect the following key changes to the investment strategy:

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- Increasing the level of interest and inflation hedging from c.75% of the Scheme Funding liabilities to c.100%. Interest and inflation hedging involves using financial instruments to protect against the risks of changing interest rates and inflation, which can impact the value of liabilities.
- Disinvesting from the Baillie Gifford Multi Asset Growth Fund.
- Setting out the stewardship priorities of the Plan as described below.

The Plan has deviated away from the benchmark asset allocation set out in the SIP throughout the course of the year as the Partners MAC funds have continued to distribute income. As these funds mature, the allocation to these funds will fall until the end of the funds' terms. The Trustees have invested the investment income proceeds into the LGIM equity funds in order to maintain the overall growth/protection split.

Section 2 – Stewardship policy

The Trustees have a stewardship policy in place on voting and engagement. To enable the Trustees to make high quality decisions, the fact-finding and analysis has been delegated to the Trustees' independent investment advisers. The Plan's agreed priority themes for voting and engagement will concern:

- Climate risk and its mitigation
- Biodiversity
- Diversity, Equity and Inclusion (DE&I)

The rationale behind this selection was to prioritise themes with a scientific flavour, in keeping with the Society's reputation for celebrating and advocating scientific communication. The Trustees will expect managers to be able to provide evidence of their stewardship activities in these areas and will monitor these annually going forwards, by, for example, reviewing voting and engagement data.

Section 3 - How voting and engagement policies have been followed

The Plan invests entirely in pooled funds and delegates responsibility for carrying out voting and engagement activities to the fund managers.

The Trustees undertook an initial review of the stewardship and engagement activities of the Plan's fund managers at their June 2019 meeting. The Trustees concluded at the time that the managers' approaches to stewardship and engagement were appropriate. The Plan reviewed their stewardship policy during the year and agreed to set stewardship priorities, as outlined above. The Trustees have informed the relevant asset managers of the new stewardship priorities and their expectations that managers should be able to provide evidence of their activities in these areas.

Annually, the Trustees receive and review voting information and engagement policies from both the asset managers and their investment advisers, which they review to ensure alignment with their policies, alongside the preparation of the Implementation Statement. The Trustees have reviewed the managers' stewardship activities with regard to the stewardship priorities that were set post year-end.

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

Additional information on the voting and engagement activities carried out for the Plan's investments are provided on the following pages.

The Trustees of the Pension and Life Assurance Plan of the Royal Society
June 2025

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Voting Data

This section provides a summary of the voting activity undertaken by LGIM who manage the Plan's equity holdings on behalf of the Trustees over the year to 31 December 2024. As only equity assets have voting rights attached to them, none of the Plan's remaining assets are shown in the voting data.

Manager	LGIM
Fund name	Future World Global Equity Index Fund/ Future World Global Equity Index Fund – GBP Hedged
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled structure means that there is limited scope to influence the voting behaviour of the manager.
Number of company meetings the manager was eligible to vote at over the year	5,516
Number of resolutions the manager was eligible to vote on over the year	55,469
Percentage of resolutions the manager voted on	99.79%
Percentage of resolutions the manager abstained from	0.88%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	80.96%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	18.16%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	9.95%

Source: LGIM

LGIM use Institutional Shareholder Services as their proxy voting advisor.

The proportion of resolutions that were voted on or abstained from may not sum to 100%. This can be due to how managers or local jurisdictions define abstentions or classify formal voting or abstentions as opposed to not returning a voting form or nominating a proxy. The data in the table covers the 12 months to 31 December 2024. The Trustees believe this provides a reasonable overview of the manager's voting behaviour.

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

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Significant votes

LGIM have provided a selection of votes which they deem to be significant. For this year’s implementation statement it has been delegated to the investment managers to define what a “significant vote” is, as outlined below. A selection of the significant votes is provided in the tables overleaf. The selection of significant votes for the LGIM equity funds is related to the Plan’s agreed stewardship priorities.

In determining significant votes, LGIM’s stewardship team takes into account guidance from the Pensions & Lifetime Savings Association (“PLSA”). As a result, LGIM’s significant votes include, but are not limited to:

- A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- A vote for which clients have communicated significant interest;
- Sanction votes as a result of a direct or collaborative engagement; and
- A vote linked to LGIM’s priority engagement themes.

LGIM Future World Global Equity Index Fund/ Future World Global Equity Index Fund – GBP Hedged

	Vote 1	Vote 2	Vote 3
Company name	Broadcom Inc.	Apple Inc.	The Goldman Sachs Group
Date of vote	22 April 2024	28 February 2024	24 April 2024
Approximate size of fund's holding as at the date of the vote (% of fund)	0.97%	4.51%	0.29%
Summary of the resolution	Elect Director Henry Samueli	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO [Equal Employment Opportunity] Policy	Report on Clean Energy Supply Financing Ratio
Stewardship priority theme	Climate risk and its mitigation	Diversity, Equity and Inclusion	Climate risk and its mitigation
How the manager voted	Against	Against	For

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	Vote 1	Vote 2	Vote 3
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	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	A vote against this proposal was warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	LGIM believe that banks and financial institutions have a significant role to play in shifting financing the transition to green energy. LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	This shareholder resolution is considered significant as LGIM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green'.

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Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Where possible engagement examples which relate to one the Plan's chosen stewardship priorities are shown.

Engagement activities are limited for the Plan's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Partners did not provide firmwide engagement data over the year to 31st December 2024.

Manager	LGIM	Partners Group
Fund name	Future World Global Equity Index Fund Future World Global Equity Index Fund – GBP Hedged	Multi-Asset Credit V Fund Multi-Asset Credit VI Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of entities engaged on behalf of the holdings in this fund in the year	1,282	5 (Multi-Asset Credit V) 10 (Multi-Asset Credit VI)
Number of engagements undertaken at a firm level in the year	4,060	Not provided

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Manager	LGIM	Partners Group
Examples of engagements undertaken with holdings in the fund	<p>The top engagement topic over year to 31 December 2024 was Climate Change with 3,150 engagements.</p> <p>An example of LGIM's engagement within this topic is their engagement with Colgate-Palmolive regarding deforestation. As part of LGIM's commitment to using best efforts to tackle commodity-driven deforestation impacts in their investment portfolios by 2025, their deforestation campaign aims to engage with portfolio companies on deforestation. LGIM outline to companies their deforestation expectations (to have both a deforestation policy and programme in place), assess their performance annually against these, and apply vote sanctions to laggard companies.</p> <p>LGIM have been engaging with Colgate-Palmolive since November 2022, just after the initial publication of LGIM's deforestation policy. In addition to written communications, they have met with company representatives twice (in 2022 and 2024). LGIM's engagements have been focused on their deforestation approach as well as challenges and opportunities in meeting their deforestation commitments. LGIM have engaged with the Chief Sustainability Officer and explored how the company is ensuring supplier compliance and increased traceability across commodities as well as grievance mechanisms robustness and key escalations for non-compliance. LGIM have also sought to encourage increased board oversight of deforestation and prioritisation of this issue within the company's risk management agenda.</p>	<p>Meine Radiologie: Meine Radiologie Holding, founded in 2017 and headquartered in Frankfurt am Main, Germany, is a leading provider of outpatient radiology and radiotherapy services. Following a meeting with management and the sponsor, key ESG targets were set: (i) Reduce Co2 footprint per patient exam, ii) share of renewable energy increased from 60% in 2022 to 65% in 2023. Targeting 75% in 2024, (iii) Laid out employee satisfaction target metrics and strategy – long term attrition rate < 5%, and achieve 75% employee participation in employee surveys.</p> <p>Voogd & Voogd and Heilbron: During an April 2024 meeting with the company's CEO and CFO, the investment team discussed significant shifts in management strategy. Key points included the previous management's focus on system integration rather than expanding sales and maintaining current customers, with new initiatives now planned to boost revenue while continuing integration completion by year-end. There were also concerns over high operational costs due to decentralized spending decisions and excessive EBITDA adjustments. The new management will enforce stricter cost controls and limit EBITDA adjustments. Additionally, the team acknowledged the need for a revised, more realistic budget, recognizing that past budgets were not achievable.</p>