

Implementation Statement

Uppingham School Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Uppingham School Retirement Benefits Scheme ("the Scheme")** to set out the following information for the year to **31 August 2024**:

- how the Trustees' 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.

The voting behaviour has not been provided over the exact year to 31 August 2024 because investment managers generally only report on this data quarterly. We have therefore given the information over the year to 30 September 2024.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) (the most recent version in force since August 2024) describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It has been made available online here: [Uppingham School Retirement Benefits Scheme Statement of Investment Principles \(SIP\) \(schemedocs.com\)](https://www.schemedocs.com/Uppingham-School-Retirement-Benefits-Scheme-Statement-of-Investment-Principles-SIP)

No changes were made to the Scheme's stewardship policy over the year, but the Trustees have previously given consideration to setting stewardship policies, as discussed below.

The Trustees believe that they are constrained by the policies of the managers and that setting stewardship priorities and engaging with managers on these policies is unlikely to have a material impact on financial outcomes for the Scheme. The Trustees believe that the fund selection and the general approach to stewardship used within those funds is likely to be more material to financial outcomes than engagement with the investment managers on the Trustees' own stewardship priorities. Therefore, the Trustees have not set stewardship priorities for the Scheme.

However, the Trustees take stewardship, climate risk, and ESG factors into account at manager selection and will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments. Each asset manager is expected to undertake good stewardship and positive engagement in relation to the underlying securities held, as appropriate. The Trustees monitor these and report on the managers' practices in their annual Implementation Statement.

How voting and engagement/stewardship 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:

- At the year-end, the investment managers were Legal & General Investment Management ("LGIM") and Aegon Asset Management ("Aegon"). The Trustees regularly consider the performance of the funds held with each investment manager and any significant developments that arise, as notified by their investment consultant.
- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers. The Trustees, as advised by their investment consultant, consider the stewardship and engagements activities of the funds to be suitable and consistent with the financial objectives of the funds held.
- The Trustees, through this implementation statement, reviewed information on the stewardship and engagements activities of their investment managers during the year, and were satisfied that their policies were reasonable, and no remedial action was required at that time.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information provided by their investment consultant through quarterly investment monitoring reports, 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 that the actions of their fund managers are consistent with the Scheme's stewardship policies, as set out in the Statement of Investment Principles.

A summary providing examples of voting and engagement activities undertaken by the investment managers, based on what they regard as being significant votes, is given below.

**Prepared by the Trustees of the Uppingham School Retirement Benefits Scheme
November 2024**

Voting Data

The Scheme's equity investments are all held through pooled funds. The investment managers of these funds vote on behalf of the Trustees.

This section provides a summary of the voting activity undertaken by the investment managers on behalf of the Trustees over the year to **30 September 2024**, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

The LGIM Absolute Return Bond Fund, LGIM 2071 Gilt Fund, 2073 Index-Linked Gilt Fund, LGIM Buy & Maintain Credit Fund and LGIM LDI funds have no voting rights and are, therefore, not included.

The Trustees disinvested from the Dynamic Diversified Fund during the year under review, but we have included information on this Fund for the full year provided, for ease of reporting.

Manager	LGIM	LGIM	Aegon
Fund name	Dynamic Diversified Fund	Future World Global Equity Index Fund (GBP Hedged)	Diversified Monthly Income Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The Trustees believe that the pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
No. of eligible meetings	10,137	5,424	66
No. of eligible votes	102,934	55,162	991
% of resolutions voted	99.78%	99.78%	63.9%
% of resolutions abstained	0.54%	0.62%	0.32%
% of resolutions voted with management¹	76.42%	80.59%	97.31%
% of resolutions voted against management¹	23.04%	18.79%	2.37%
Proxy voting advisor employed	<p>LGIM uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p> <p>Aegon uses ISS as a voting platform and their research, along with IVIS's research, as a reference when making voting decisions.</p>		
% of resolutions voted against proxy voter recommendation	14.18%	10.11%	1.90%

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

Source: Legal & General Investment Management and Aegon Asset Management
ISS = Institutional Shareholder Service
IVIS = Institutional Voting Information Service

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. At this time, the Trustees have not set stewardship priorities for the Scheme. So, for this Implementation Statement, the Trustees have asked 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 have not developed a specific voting policy.

LGIM and Aegon have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities and in the interest of concise reporting the tables below show three of these votes for each fund. The example is intended to cover a range of themes to represent what were the most significant votes cast on behalf of the Scheme. However, Aegon only provided three examples, two of which concerned remuneration.

A summary of the significant votes provided, as well as the managers' definition of significant is set out below. The Trustees are comfortable with how the managers have defined significant votes.

LGIM

In determining significant votes, LGIM’s investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (“PLSA”). This guidance dictates 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;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM’s Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- A sanction vote as a result of a direct or collaborative engagement; and
- A vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

LGIM, Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	National Grid Plc	Consolidated Edison Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.30%	0.25%	0.20%

	Vote 1	Vote 2	Vote 3
Summary of the resolution	Approve the Shell Energy Transition Strategy	Approve Climate Transition Plan	Elect Director Timothy P. Cawley
How the manager voted	Against	For	Against
Rationale for the voting decision	<p>LGIM voted against this climate change resolution. LGIM acknowledges the progress the company has made in respect to climate related disclosure over recent years, and view positively the commitments made to reduce emissions from its operated assets, the strong position taken on tackling methane emissions, and the pledge of not pursuing frontier exploration activities beyond 2025.</p> <p>Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and liquified natural gas (LNG) business this decade, LGIM seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios, and tangible actions taken across the value chain to deliver customer decarbonisation and transition to net-zero emissions by 2050. Additionally, LGIM would like to see further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capital expenditure allocated to low carbon beyond 2025, and the application of responsible disinvestment principles in asset sales, given portfolio changes form a material lever in Shell's decarbonisation strategy.</p>		
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	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"	<p>Thematic - Climate: 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 nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Thematic - Climate: 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 nature of such votes, LGIM deem such votes to be significant.</p> <p>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.</p>		

Source: Legal & General Investment Management

LGIM, Future World Global Equity Index fund (GBP Hedged)

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Alphabet Inc.	Tesla Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.46%	1.05%	0.64%
Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO (Equal Employment Opportunity) Policy	Elect Director John L. Hennessy	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against	Against	Against
Rationale for the voting decision	A vote against was applied by LGIM, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies. Thus, including viewpoint and ideology in EEO policies does not appear to be standard practice.	A vote against was 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. Furthermore, LGIM expects the Chair of the Committee to have served on the board for no more than 15 years. Additionally, LGIM expects a company to have at least one-third women on the board. Finally, LGIM supports the equitable structure of one-share-one-vote and expects companies to move to such a structure or provide shareholders a regular vote if companies continue to operate under an unequal capital structure.	A vote against was applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most non-executive officials received a modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, of which the magnitude and design were not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered excessive by LGIM.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	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 - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Thematic - One Share One Vote: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.	High Profile meeting: This resolution is considered significant as it pertains to one of LGIM's key stewardship 'sub-themes', executive pay.

Source: Legal & General Investment Management

Aegon

According to Aegon, significant votes are votes where:

- Aegon has voted against management recommendations
- There is a shareholder resolution
- There is any resolution on environmental or social issues

- Or there was a significant level of opposition at the AGM

Aegon have provided 3 examples of significant votes, which are detailed below.

Aegon, Diversified Monthly Income Fund

	Vote 1	Vote 2	Vote 3
Company name	AstraZeneca plc	Zurich Insurance Group AG	Cummins Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.5%	1.0%	Data not provided
Summary of the resolution	Approve Remuneration Policy	Elect Director	Require Independent Board Chairman
How the manager voted	Against	Against	For
Rationale for the voting decision	<p>The Company has been a strong performer in recent years, and this has been reflected in the CEO remuneration exceeding £15 million in each of the past five years. The policy was submitted again in 2021 at which time Aegon voted against as they argued that the proposed bonus increase from 200% to 250% of salary and the Performance Share Plan (PSP) increase from 550% to 650% of salary was excessive and significantly exceeded GSK (its only comparable UK peer). Indeed, over the past ten years, the annual bonus potential increased from 180% to 250% of salary, and PSP opportunity from 285% to 650% of salary. The company was proposing increases to 300% of salary for the annual bonus and 850% of salary under the PSP. This would significantly exceed opportunities available at other FTSE 10 companies. Whilst Aegon acknowledges the global reach of the company, the generally high paying sector it operates in, and the high regard in which the CEO is held, the proposed increase appears excessive and positions itself significantly above peers. Whilst a debate is currently continuing regarding the competitiveness of the UK market, the company appears to be pre-empting any outcome. It is also likely that other FTSE 10 companies (and further down) will use AstraZeneca's revised pay to benchmark against and argue for higher levels.</p> <p>Whilst disclosures have improved and there are no concerns regarding the correlation of pay to performance, Aegon remains concerned at the relative Total Shareholder Return (TSR) vesting schedule under the current Long-Term Incentive Plan (LTIP). Given the future risk of reward for poor performance remains, Aegon voted against the remuneration report and also abstained on the re-election of Christop Franz as he has been on the Board for ten years, is a chair of the Remuneration Committee and has been aware of Aegon's concerns for some time yet failed to address them.</p> <p>Aegon voted in favour of the resolution and against Board recommendations. This was a requisitioned resolution requesting that the company adopt a policy that the Chair of the Board be independent. When Aegon reviewed this last year, the roles of Chair and CEO were split. Upon review this year, Aegon noted that the Chair has left the firm, and the CEO now fulfils both roles. In these circumstances Aegon expects a Lead Director to have been appointed and for this person to be fully independent. Furthermore, over the past year the company has proposed a settlement to resolve allegations that they violated the Clean Air Act, the financial and reputational cost of which will be borne by shareholders. Given this and the need to re-establish reputation, Aegon considered that in this case the Board would benefit from a fully independent chair to provide oversight.</p>		
Outcome of the vote	35% against	1.4% against	43% for
Implications of the outcome	Aegon will continue to voice concerns on the issue.	Aegon will continue to voice concerns on the issue.	Aegon will continue to voice concerns on the issue.

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	The vote related to management remuneration and Aegon voted against management.		The vote related to Board Independence and Aegon voted against management

Source: Aegon Asset Management

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.

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

In addition, engagement data for the Aegon Diversified Monthly Income Fund covers the 12 months to 31 December 2023. Aegon have informed that after discussions between their Responsible Investment (RI) team and members of the Investment Consultants Sustainability Working Group (ICSWG), it was agreed that engagement statistics would be updated on an annual basis because of the time it takes to complete for each strategy.

Manager	LGIM	LGIM	LGIM	LGIM	Aegon
Fund name	Dynamic Diversified Fund*	Future World Global Equity Index Fund (GBP Hedged)	Absolute Return Bond Fund	Buy & Maintain Credit Fund	Diversified Monthly Income Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	3,731	2,168	416	412	67
Number of engagements undertaken at a firm level in the year		4,193 engagements, with 3,945 companies			528 engagements, with 418 companies

Source: Legal & General Investment Management and Aegon Asset Management
*The Scheme disinvested from the Dynamic Diversified Fund during the year.

Examples of engagement activity undertaken over the year to 30 September 2024

Manager and Fund	Engagement themes and examples of engagements undertaken
LGIM LGIM conduct all engagements at a firm level, so no engagements are specific to a single fund.	<p>APA Climate</p> <p>LGIM has been engaging with APA, Australia's largest energy infrastructure business, directly since early 2022 as one of their selected 'dial mover' companies. LGIM believe APA has the scale and influence across its industry and value chain for its actions to have positive reverberations beyond its direct corporate sphere. As part of LGIM's engagements, the company was identified as lagging their expectations on climate-related lobbying activities.</p> <p>In early 2022, LGIM set out their expectations for management-proposed 'Say on Climate' votes and the criteria they consider in assessing whether to support them. LGIM expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>

As a consequence, when APA Group brought its climate transition plan to a vote, LGIM were unable to support it. Although the plan presented Scope 1 and 2 goals for the medium and long term on a path to achieving net zero emissions by 2050, no Scope 3 targets were included. The company noted that these would be finalised no later than 2025. LGIM initiated engagement with the company after this vote, and met with them for the first time in early 2023 as part of their Climate Impact Pledge engagement, and they have continued to build the relationship, setting out their expectations as per their net zero guide, and working with the company to understand the hurdles it faces and the challenges to meeting these expectations.

In their meeting with them in early 2024, APA confirmed that they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outlined their proposed Scope 3 reduction pathway. The company noted that feedback from the 20% of investors, including LGIM, who voted against their proposed Climate Transition Plan in 2022, had solidified their decision to commit to a Scope 3 target. This demonstrates the effect of LGIM's engagement strategy, fully aligned with their voting policy, to encourage progress towards decarbonisation.

Anglo American | Environmental

The engagement was focused on restructuring the company's portfolio to focus on copper and high-grade iron ore, specifically:

- To clarify the value proposition from Anglo's portfolio of world-class assets by simplifying and focusing on commodities which will most benefit from the energy transition while reducing exposure to commodities with uncertain long-term demand.
- To support the growth of the copper business by strengthening the balance sheet through asset disposals.

LGIM

LGIM conduct all engagements at a firm level, so no engagements are specific to a single fund.

LGIM started this engagement in April 2024, where they first presented ideas to Anglo American around portfolio restructuring. However, before the proposal could be circulated to management, BHP made an offer to buy Anglo American. LGIM, determined that an offer was not beneficial for shareholders and threatened to slow down the pace of copper growth globally. Anglo American consulted LGIM on its defence strategy, with five meetings with senior management and board members taking place.

On 14 May 2024, Anglo America announced its intention to significantly restructure its portfolio by exiting platinum, diamond, metallurgical coal and nickel businesses and pausing investment in its Woodsmith mine. Later that month the board announced it had refused BHP's offer. The portfolio restructuring is expected to take between 18 and 24 months to complete.

The outcome of this engagement so far has been a powerful, collaborative relationship with management and the board, with a willingness to continue conversations on further, more granular topics related to energy transition. LGIM will continue to monitor progress on the portfolio restructuring decisions while continuing to engage on operational excellence, the company's decarbonisation of its own emissions and its low carbon ventures business.

Natwest | Governance – Leadership – Chair/CEO

As shareholders in NatWest, Aegon requested a call with Chairman Howard Davis of NatWest following the departure of CEO Alison Rose in the wake of the Nigel Farage scandal. Aegon highlighted this example as it was a rather unique controversy that NatWest faced, and one that garnered significant public attention. Aegon aimed to gain a better insight into the governance surrounding the departure and subsequent succession planning.

Aegon

Diversified Monthly Income
Fund

Aegon received an overview of the situation and timeline surrounding the departure of CEO Alison Rose, along with the subsequent actions taken by the board. The Chairman concluded that the CEO's decision to engage with a BBC journalist was ill-advised and would have remunerative consequences. Additionally, it was confirmed that there would be an internal investigation into the matter. Details around succession planning were provided (from a previous succession planning exercise that year). Paul Thwaite could serve as an interim CEO, and he was subsequently appointed into the role permanently. Howard Davis also addressed his own position, noting his decision not to seek re-election next year, as his 9-year term will conclude in April.

The engagement was a success as it provided clarity over the situation. Aegon will continue to monitor the governance and succession planning for NatWest Group and engage as and when necessary.

Source: Legal & General Investment Management and Aegon Asset Management