

# United Society for the Propagation of the Gospel Overseas Staff Pension Scheme

## Implementation Statement

### Scheme year ended 31 March 2023

This Implementation Statement has been prepared by the Trustee of the United Society for the Propagation of the Gospel Overseas Staff Pension Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2023.

### Stewardship policy

The Plan invests solely through pooled investment vehicles and is constrained by the policies of the investment manager, therefore no explicit stewardship priorities were set for this reporting year. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account during a manager selection process. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

### How voting and engagement policies have been followed

Over the year to 31 March 2023 the Scheme was invested in a pooled mandate with Legal and General Investment Management (“LGIM”).

The Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers. The Trustee, with assistance from their investment advisers, considered LGIM’s stewardship and engagement activities as part of the exercise to appoint them.

Going forward, the Trustee plans to review the fund managers’ strategies and processes for exercising rights and conducting engagement activities periodically, usually annually alongside the preparation of the Implementation Statement, and will engage with the investment managers to the extent that any issues or questions are identified.

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

Additional information on the voting and engagement activities carried out for the Scheme’s investments during the year are provided on the following pages.

### **The Trustee of the United Society for the Propagation of the Gospel Overseas Staff Pension Scheme June 2023**

## Voting Data

This section provides a summary of the voting activity undertaken by LGIM within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 31 March 2023.

Manager	Legal & General Investment Management
<b>Fund name</b>	Ethical Global Equity Index (both GBP hedged and unhedged share classes)
<b>Structure</b>	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
<b>Number of company meetings the manager was eligible to vote at over the year</b>	1,155
<b>Number of resolutions the manager was eligible to vote on over the year</b>	16,602
<b>Percentage of resolutions the manager voted on</b>	99.8%
<b>Percentage of resolutions the manager abstained from</b>	0.2%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	82.0%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	17.8%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	13.0%
<b>Proxy voting advisor</b>	ISS

Source: Legal & General Investment Management

There are no voting rights attached to the other assets of the Scheme (i.e. LDI and Cash with LGIM). As such, there is no voting information shown for these assets.

## Significant votes

We have delegated to LGIM to define what a “significant vote” is. A summary of the data they have provided is set out below.

### Legal & General Investment Management, Ethical Global Equity Index (both GBP hedged and unhedged share classes)

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Royal Dutch Shell Plc	NVIDIA Corporation	LVMH Moët Hennessy Louis Vuitton SE
<b>Date of vote</b>	24 May 2022	02 June 2022	21 April 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.61%	1.31%	0.49%
<b>Summary of the resolution</b>	Approve the Shell Energy Transition Progress Update	Elect Director Harvey C. Jones	Re-elect Bernard Arnault as Director
<b>How the manager voted</b>	LGIM voted against the resolution.	LGIM voted against the resolution.	LGIM voted against the resolution.
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. LGIM's policy is not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.</p> <p>Independence: 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>Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p>

	Vote 1	Vote 2	Vote 3
<b>Outcome of the vote</b>	79.9% of shareholders supported the resolution.	83.8% of shareholders supported the resolution.	92.0% of shareholders supported the resolution.
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to seek to engage with the company and monitor progress.
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	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 (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015, LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.

Source: LGIM

## Fund level engagement

LGIM may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds.

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

Manager	Legal & General Investment Management
<b>Fund name</b>	Ethical Global Equity Index Ethical Global Equity Index (GBP Hedged)

**Manager**

**Legal & General Investment Management**

<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	366
<b>Number of engagements undertaken at a firm level in the year</b>	1,088
<b>Examples of engagements undertaken with holdings in the fund</b>	LGIM engaged with a range of companies on issues including climate change, remuneration, board composition and diversity

Source: LGIM