

Implementation Statement, covering the Scheme Year from 31 December 2021 to 31 December 2022

The Trustee of the Family Assurance Staff Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took steps to review the Scheme’s existing managers and funds over the period, as described in Section 2 (Voting and engagement) below

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The managers' voting policies can be found using the following links

- [SSGA | Voting policy \(https://www.ssga.com/uk/en_gb/institutional/ic/about-us/what-we-do/asset-stewardship/asset-stewardship-library\)](https://www.ssga.com/uk/en_gb/institutional/ic/about-us/what-we-do/asset-stewardship/asset-stewardship-library)
- [Ruffer | Voting policy \(https://www.ruffer.fr/-/media/ruffer-website/files/downloads/esg/ruffer-voting-policy.pdf?la=en\)](https://www.ruffer.fr/-/media/ruffer-website/files/downloads/esg/ruffer-voting-policy.pdf?la=en)

However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Given the current low-risk investment strategy, and in particular the absence of equity holdings, the Trustee has not yet considered setting particular stewardship priorities. This will be considered where relevant once the long term objectives and strategy are agreed.

The Trustee from time to time invites the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, State Street Global Advisors presented on how they approach stewardship on behalf of the Trustee. They also set out their stewardship priorities, including voting policy focus.

3. Description of voting behaviour during the Scheme Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

- State Street Asia Pacific ex Japan (100% hedged) ESG Screened Index Equity Sub-Fund;
- State Street Emerging Markets ESG Screened Index Equity Sub-Fund;
- State Street Europe ex UK (100% hedged) ESG Screened Index Equity Sub-Fund;
- State Street Japan (100% hedged) ESG Screened Index Equity Sub-Fund;
- State Street North America (100% hedged) ESG Screened Index Equity Sub-Fund;
- State Street UK ESG Screened Index Equity Sub-Fund; and
- Ruffer Absolute Return Fund.

In addition to the above, the Trustee contacted the Scheme's investment managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities

9.1 Description of the voting processes

State Street Global Advisors:

The following overview was provided by State Street Global Advisors on its process for deciding how to vote:

"As an investment manager, we have discretionary proxy voting authority over most of our client accounts. We carefully vote these proxies in the manner that will protect and promote the long-term economic value of our client investments.

Oversight:

Our Stewardship team's activities are overseen by our ESG Committee who are responsible for reviewing our stewardship strategy, engagement priorities and proxy voting guidelines, and monitors the delivery of voting objectives. In addition, our ESG Committee provides oversight of our Stewardship team, reviews departures from our proxy voting guidelines, and reviews conflicts of interest involving proxy voting.

Proxy Voting Process:

We enhance the services provided by our in-house resources through third-party service providers. The most notable of these are third-party data providers such as Institutional Shareholder Services (ISS) who are utilised to assist us with managing the voting process at shareholder meetings. In the voting process, we use ISS to help us monitor our voting rights across the asset classes in which we invest. We employ ISS to:

- *Act as our proxy voting agent (providing us with vote execution and administration services).*
- *Assist in applying our voting guidelines.*
- *Provide research and analysis relating to general corporate governance issues and specific proxy items.*
- *Provide proxy voting guidelines in limited circumstances.*

Our Stewardship team reviews our Proxy Voting Guidelines with ISS on an annual basis or on a case- by-case basis as needed. ISS affects the proxy votes in accordance with our Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of our Stewardship team. Members of our Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with our Proxy Voting Guidelines, which seek to maximize the value of our client accounts.

As an extra precaution, our Stewardship team will refer significant issues to the ESG Committee for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the ESG Committee. For instance, our Stewardship team takes into account whether a material conflict of interest exists between our clients and those of our firm or our affiliates. If such a case occurs, there are detailed guidelines for how to address this concern (i.e., please refer to our Mitigating Conflict of Interest Guidelines for additional details).

We aim to vote at all shareholder meetings where our clients have given us the authority to vote their shares and where it is feasible to do so.

However, when we deem appropriate, we could refrain from voting at meetings in cases, as listed below, where:

- 1 *Power of attorney documentation is required.*

2 Voting will have a material impact on our ability to trade the security.

3 Voting is not permissible due to sanctions affecting a company or individual.

4 Issuer-specific special documentation is required or various market or issuer certifications are required.

5 Unless a client directs otherwise, State Street Global Advisors will not vote proxies in so-called "share blocking" markets (markets where proxy voters have their securities blocked from trading during the period of the annual meeting).

State Street Global Advisors Vote Prioritization Process:

We vote at over 20,000 meetings on an annual basis and prioritizes companies for review based on factors including the size of our holdings, past engagement, corporate performance and voting items identified as areas of potential concern. Based on this assessment, we will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for our clients.

All voting decisions are exercised exclusively in accordance with our in-house policies and/or specific client instructions. We have established robust controls and auditing procedures to ensure that votes cast are executed in accordance with our instructions. Transparency on these key issues is vital. In this regard, we publish a record of our global voting activity on the Asset Stewardship section of our website."

Ruffer:

Ruffer has provided the following overview of its voting process in its publicly available voting policy:

"Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, in general, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.

Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.

Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams. Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through our commitment to Climate Action 100+ we have collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions."

9.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below.

	State Street Global Advisors						Ruffer
Fund name	Asia Pacific ex Japan (100% hedged) ESG Screened Index Equity Sub-Fund	Emerging Markets ESG Screen Index Equity Sub-Fund	Europe ex UK (100% hedged) ESG Screened Index Equity Sub-Fund	Japan (100% hedged) ESG Screened Index Equity Sub-Fund	North America (100% hedged) ESG Screened Index Equity Sub-Fund	UK ESG Screened Index Equity Sub-Fund	Absolute Return Fund
Total size of fund at end of the Scheme Year	£32.4m	£3,447.8m	£172.8m	£95.3m	£362.1m	£2,501.6m	£4,243m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0m	£0m	£0m	£0m	£0m	£0m	£0m
Number of equity holdings at end of the Scheme Year	384	1878	445	506	644	562	43
Number of meetings eligible to vote	457	3899	488	493	648	703	83
Number of resolutions eligible to vote	3,230	33,127	8,864	6,155	8,138	10,203	1,456
% of resolutions voted	100.0%	96.8%	99.1%	100.0%	99.4%	100.0%	100.0%
Of the resolutions on which voted, % voted with management	84.0%	82.1%	89.1%	92.9%	90.2%	93.1%	94.3%
Of the resolutions on which voted, % voted against management	16.0%	17.9%	10.9%	7.2%	9.8%	6.9%	5.6%
Of the resolutions on which voted, % abstained from voting	0.6%	2.7%	0.7%	0.0%	0.4%	0.2%	0.1%
Of the meetings in which the manager voted, % with at least one vote against management	56.2%	50.6%	65.5%	48.7%	60.7%	66.2%	47.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	9.6%	6.9%	6.0%	6.4%	11.4%	6.5%	6.5%

* Please note that the voting statistics (for/against management and votes abstained) may not sum to 100% because votes abstained may also be counted as a vote for or against management, depending on the proposal.

We have included voting data until the Scheme fully redeemed its holdings in the Ruffer Absolute Return Fund and State Street Global Advisors equity funds on 26 and 27 October 2022 respectively.

9.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's investment managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist

The Trustee has interpreted "significant votes" to mean those that the manager deemed to be significant based on their internal criteria, and which affect a holding which is significant within the fund. The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

State Street Global Advisors ("State Street"):

Apple Inc., March 2022: advisory vote to ratify named executive officers' compensation.

Approximate size of schemes holdings at date of the vote: 6.7% (as a % of the fund)

State Street voted against the proposal, providing the following rationale:

"This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company."

Outcome of the vote: The resolution passed with 64.4% votes in favour, 35.6% votes against.

Voted against management recommendations but voted with ISS recommendations.

Amazon.com, Inc., May 2022: proposal on a report on climate change.

Approximate size of schemes holdings at date of the vote: 2.8%

State Street voted against the proposal, providing the following rationale:

"This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable."

Outcome of the vote: The resolution failed with 9.1% votes in favour, 90.9% votes against.

Voted with management and ISS recommendations.

Royal Dutch Shell Plc., May 2022: proposal on GHG emissions.

Approximate size of schemes holdings at date of the vote: 7.6%

State Street voted against the proposal, providing the following rationale:

"This proposal does not merit support as the company's disclosure and/or practices pertaining to GHG emissions are reasonable."

Outcome of the vote: The resolution failed with 20.3% votes in favour, 80.0% votes against.

Voted with management and ISS recommendations.

BP Plc., May 2022: proposal on GHG emissions.

Approximate size of schemes holdings at date of the vote: 3.5%

State Street voted against the proposal, providing the following rationale:

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](#). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

“This proposal does not merit support as the company's disclosure and/or practices pertaining to GHG emissions are reasonable.”

Outcome of the vote: The resolution failed with 14.9% votes in favour, 85.1% votes against.

Voted with management and ISS recommendations.

LVMH Moet Hennessy Louis Vuitton SE., April 2022: proposal to approve remuneration policy.

Approximate size of schemes holdings at date of the vote: 2.8%

State Street voted against the proposal, providing the following rationale:

“This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.”

Outcome of the vote: The resolution passed with 80.5% votes in favour, 19.5% votes against.

Voted against manager recommendations, but in line with ISS recommendations. Voting was also in line with voting policy.

L’Oreal SA., April 2022: advisory Vote to Ratify Named Executive Officers' Compensation

Approximate size of schemes holdings at date of the vote: 1.3%

State Street voted against the proposal, providing the following rationale:

“This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.”

Outcome of the vote: The resolution passed with 85.3% votes in favour, 14.7% votes against.

Voted against manager recommendations, but in line with ISS recommendations. Voting was also in line with voting policy.

Meituan., May 2022: proposal to elect a director.

Approximate size of schemes holdings at date of the vote: 1.8%

State Street voted against the proposal, providing the following rationale:

“We are voting against the nominee due to the lack of gender diversity on the board.”

Outcome of the vote: The resolution passed with 77.1% votes in favour, 22.9% votes against.

Voted against manager and ISS recommendations. However, voting was in line with voting policy.

Naspers Ltd., Aug 2022: proposal to approve remuneration policy.

Approximate size of schemes holdings at date of the vote: 0.5%

State Street voted against the proposal, providing the following rationale:

“This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.”

Outcome of the vote: The resolution passed with 90.9% votes in favour, 9.1% votes against.

Voted against manager recommendations, but in line with ISS recommendations. Voting was also in line with voting policy.

Ruffer

BP Plc., May 2022: vote to approve shareholder resolution on GHG emissions.

Approximate size of schemes holdings at date of the vote: 3.1%

Ruffer voted against the proposal, providing the following rationale:

“We voted in line with ISS and management. We have done extensive work on BP's work on the energy transition and climate change and we think they are industry leading. We support management in their effort to provide clean, reliable and affordable energy and therefore we voted against the shareholder resolution.”

Outcome of the vote: The resolution failed with 85.1% votes against.

Bristol-Myers Squibb., May 2022: a vote on the requirement for an independent board chair.

Approximate size of schemes holdings at date of the vote: 1.15%

Ruffer voted for the proposal, providing the following rationale:

“Our policy is to encourage the separation of the CEO & Chairman roles. This motion calls for the roles to be separated at the end of the current CEO/Chairman's term and these motions have been on the table for years, so the company should have time to manage the transition with limited disruption. Therefore support for this proposal is warranted at this time.”

Outcome of the vote: The resolution failed with 54.9% votes against.

Equinor ASA., May 2022: advisory note on the company's energy transition plan

Approximate size of schemes holdings at date of the vote: 0.54%

Ruffer voted for the proposal, providing the following rationale:

“We voted for Equinor's transition plan because we are supportive of their efforts to decarbonise. Equinor is at the forefront of offshore wind developments and we have been impressed by their business success in that area. We have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and we will support that.”

Outcome of the vote: The resolution passed with 96.6% votes in favour.