

MacTaggart Scott & Company Limited Pension and Life Assurance Scheme

Engagement Policy Implementation Statement

Introduction

This Statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the in the Statement of Investment Principles (“SIP”) have been followed during the year to 31 December 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustees’ primary objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

Review of the SIP

Over the twelve months period to 31 December 2022, the Trustees changed their investment strategy following advice from their investment consultant, Mercer. Further to this, the Trustees made a further change to their investment strategy and following this, the SIP will be updated accordingly. The current SIP is available at the link below:

<https://www.mactag.com/uploads/tinyMCE/MacTaggart%20Scott%20%20Company%20Limited%20P%20and%20LAS%20-%20SIP%20-%202020%2008%20-%20SIGNED.pdf>

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustees' policies on ESG factors, stewardship and climate Change. The policies in question were last reviewed in August 2020. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.

Scheme's Investment Structure

The Scheme's only investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

As such, the Trustees have no direct relationship with the Scheme's underlying investments managers.

Engagement

In the relevant year the Trustees have not engaged with Mobius or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change.

The Trustees will continue working with their investment consultant, Mercer, to consider actions that can be taken to engage with their underlying fund managers going forward. This includes the inclusion of ESG specific ratings within performance reporting (with ratings derived by the investment consultant) which will help to determine whether further action should be taken in respect of specific funds.

The Trustees, through the Investment Consultant, do encourage their investment managers to consider whether adherence to the UK Stewardship Code, is appropriate for their mandate. All the Scheme's investment managers confirmed to be signatories of the current UK Stewardship Code.

Further to the above and following recent regulatory requirements, the Trustees have identified ESG as their engagement key theme/priority. Therefore, the Trustees may feel the need to engage with Mobius or the underlying investment managers on issues related to:

- Environmental – For example: actions/initiatives requiring publication of a business strategy that is aligned with the Paris Agreement on climate change; resolutions on climate related activities that would result in significant biodiversity loss;
- Social – For Example: actions/initiatives relating to Human rights violations in its various forms (e.g. slavery; human trafficking; sexual harassment, etc).
- Governance – For example: actions/initiatives that would be at odds with the expectations of the UK Corporate Governance Code (e.g. matters of excessive or inappropriate executive remuneration or lack of board diversity).

Voting Activity

As noted earlier, the Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

Following the recent regulatory requirements, the Trustees were asked to provide their own definition of significant votes, in line with the engagement priorities disclosed above.

The Trustees consider a significant vote as any vote relating to material holdings (a company that represented at least 1.5% of the year-end market capitalisation of any fund in which the Scheme was invested during the majority of the year), in each of the following thematic areas:

- Climate Change: including (but not necessarily limited to) low-carbon transition and physical damages resilience;
- Human Rights: including (but not necessarily limited to) modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones; and/or
- Diversity, Equity and Inclusion: including (but not necessarily limited to) equal pay, board equality, and inclusive & diverse decision-making.



The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform managers of what they considered to be the most significant votes in advance of voting.

Votes under Trustees' significant vote definition

Company Name	Date of vote	Aproximate size of holding as at date of vote*	Summary of Resolution	How the manager voted	Reason for manager's vote	Outcome of the vote
Eversource Energy	04/05/22	1.5%	Election of Trustee: Cotton M. Cleveland	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: James S. DiStasio	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Francis A. Doyle	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Linda Dorcena Forry	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Gregory M. Jones	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: James J. Judge	For	Specific reason not provided	Pass

Eversource Energy	04/05/22	1.5%	Election of Trustee: John Y. Kim	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Kenneth R. Leibler	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: David H. Long	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Joseph R. Nolan, Jr.	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: William C. Van Faasen	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Election of Trustee: Frederica M. Williams	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Consider an advisory proposal approving the compensation of our Named Executive Officers.	For	Specific reason not provided	Pass
Eversource Energy	04/05/22	1.5%	Ratify the selection of Deloitte & Touche LLP as our independent registered	For	Specific reason not provided	Pass

			public accounting firm for 2022.			
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*Where holding at date of vote hasn't been provided, the holding at start and end of Scheme year has been considered

Manager Voting Activity

The table on the following page sets out a summary of the key voting activity over the financial year, under each of the underlying investment manager's definition of most significant votes.

Fund	Proxy voter used?	Votes cast			Manager's Most significant votes (description)	Manager's significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Baillie Gifford Multi-Asset Growth Fund	<i>Institutional Shareholder Services (ISS); Glass Lewis; IIAS (Institutional Investor Advisory Services) and ZD Proxy Shareholder Services Ltd. – research and recommendations</i>	1,092	38	9	<p>The list below is not exhaustive but exemplifies potentially significant voting situations:</p> <ul style="list-style-type: none"> ➤ Baillie Gifford's holding had a material impact on the outcome of the meeting; ➤ The resolution received 20% or more opposition and Baillie Gifford opposed; ➤ Egregious remuneration; ➤ Controversial equity issuance; ➤ Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders; ➤ Where there has been a significant audit failing 	<p><i>GALAXY ENTERTAINMENT GROUP LTD</i> – Baillie Gifford voted against the amendment of share capital. They opposed two resolutions which sought authority to issue equity because the potential dilution levels were not in the interests of shareholders.</p> <p><i>BOOKING HOLDINGS INC.</i> – Baillie Gifford opposed a resolution on remuneration. Baillie Gifford opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards.</p>

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- Where Baillie Gifford have opposed mergers and acquisitions;
 - Where Baillie Gifford have opposed the financial statements/annual report;
 - Where Baillie Gifford have opposed the election of directors and executives.

Columbia Threadneedle Multi Asset Fund	ISS – for voting execution and recommendations; Institutional Voting Information Service (IVIS) and Glass Lewis - recommendations only;	6,032	466	123	Any dissenting vote i.e. where a vote is cast against (or where we abstain/withhold from voting) a management-tabled proposal, or where we support a shareholder-tabled proposal not endorsed by management.	<p><i>General Motors Company</i> – Threadneedle voted for on a resolution that aimed to report on the use of child labor in connection with electric vehicles as it supports better ESG risk management disclosures.</p> <p><i>Alphabet Inc.</i> – Threadneedle voted for a resolution that aimed to report on metrics and efforts to reduce water related risk as it supports better ESG risk management disclosures.</p>
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Invesco Global Targeted Returns Fund	ISS; Glass Lewis and IVIS – as research providers. ISS and GLL – for recommendations. Henley-based fund managers – for decision making on voting items.	3,881	242	4	<p>Invesco's criteria to consider a vote as significant:</p> <p>>1% IVZ Ownership and Includes Key ESG proposal;</p> <p>>1% IVZ Ownership and Part Of ESG Watchlist</p> <p>>1% IVZ Ownership and Includes Key ESG proposal and Part Of ESG Watchlist.</p>	<p><i>Intercontinental Exchange, Inc.</i> – Invesco voted against a resolution that aimed to reduce the ownership threshold for shareholders to call special meetings to 10% given that the company currently provides shareholders with the right to call special meetings and the proposed ownership threshold for shareholders to call a special meeting is below 20%.</p> <p><i>UniCredit SpA</i> – Invesco voted for a resolution that aimed to approve internal auditors' remuneration because the proposed remuneration has been disclosed, and no concerns have been noticed.</p>
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