

# **IMPLEMENTATION STATEMENT**

## **CIPD Staff Retirement Scheme**

The Trustees of the CIPD Staff Retirement Scheme have prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated 3<sup>rd</sup> September 2020. This statement covers the period 1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022.

### **A. Voting and Engagement Policy**

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Scheme only invests via pooled investment funds, meaning that the Scheme's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustees still monitor and engage as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- iii. SEI, the Scheme's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustees on a periodic basis together with its adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary.
- vi. The Trustee[s] will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Trustees are of the opinion that this policy has been followed during the year. In particular:

- The Trustees have received and reviewed quarterly reports from SEI that set out
  - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.

- SEI's engagement priorities which for 2021 included priorities in each of the following categories:
  - Climate change
  - Sustainable Agriculture
  - Modern Slavery
  - Future of Work
  - Board Governance
  
- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
  
- The Trustees reviewed the above quarterly reports throughout the Scheme year and monitored performance. The Trustees were satisfied with the content of the report and that SEI's performance was in line with the SIP and the Trustees' expectations.
  
- The Trustees have considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
  
- The Trustees have a process in place to review SEI's performance against objectives, including ESG factors.

In light of the above and otherwise, the Trustees have considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustees remain aligned with the Trustees' views on these matters.
  
- The current policy is appropriate and no further action is required at this stage, albeit the Trustees will continue to monitor the performance of this policy and SEI's performance in the future.

## **B. Voting Record**

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider, namely Glass Lewis for votes cast in 2021 as a proxy for all voting. SEI provide the Specialist provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022, across the Scheme's holdings<sup>1</sup> SEI voted as follows, including the percentage of overall votable items voted on:

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<sup>1</sup> SEI has shown voting data for the relevant quarters the fund was invested in.

<b>Fund Name</b>	<b>Global Managed Volatility</b>	<b>Global Select Equity</b>	<b>Dynamic Asset Allocation</b>	<b>US Small Cap</b>
ISIN	IE00B19H3542	IE00B8FH1426	IE00B5NNKL10	IE0034296800
Number of Votable Meetings	584	559	779	393
Number of Votable Items	7939	9115	14913	3633
% of Items Voted	91%	93%	94%	100%
For	90%	91%	93%	94%
Against	8%	7%	7%	3%
Abstain/ Withheld/ Other	1%	2%	0%	3%
% of votes with management	91%	92%	94%	94%
% of votes against management	9%	7%	6%	6%
% of votes other	0%	1%	0%	0%
Voting Against/Abstain by Category				
Capital Related	7%	3%	4%	2%
Board/Directors/Governance	40%	35%	36%	45%
Remuneration Related	19%	19%	21%	33%
Shareholder Proposals	25%	38%	26%	10%
Other	9%	4%	12%	10%

<b>Fund Name</b>	<b>Pan Euro Small Cap</b>	<b>UK Equity</b>	<b>Global Factor Equity</b>
ISIN	IE0034296248	IE00B3KF4Q98 & IE00B3KF5229	IE00BDD7WJ18
Number of Votable Meetings	229	180	726
Number of Votable Items	3417	3087	12205
% of Items Voted	83%	99%	97%
For	91%	98%	89%
Against	8%	2%	9%
Abstain/ Withheld/ Other	1%	0%	2%
% of votes with management	91%	98%	89%
% of votes against management	8%	2%	9%
% of votes other	1%	0%	2%
Voting Against/Abstain by Category			
Capital Related	13%	0%	14%
Board/Directors/Governance	24%	33%	48%
Remuneration Related	49%	37%	13%
Shareholder Proposals	3%	15%	17%
Other	11%	15%	8%

### C. Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI's selects votes based on one or more of the following criteria's:

- Votes SEI consider to be high profile which have such a degree of controversy that there is high client and/ or public scrutiny.
- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to companies on one of SEI's watch lists. Watch lists cover ESG topics such as climate and diversity as well as initiatives including Climate Action 100 + and the United Nations Global Compact.
- Votes relating to our 2021 thematic priorities as described in section A.

To date the Trustees have accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Company Name	Held in Fund(s)	Theme	Description
Amazon	Factor Allocation Global Equity Dynamic Allocation Fund Global Select Equity	Corporate Governance	Voted Against the proposal 'advisory vote on executive compensation'. In association with the new CEO transition, Mr Jassy is set to receive \$212 million as a time based promotion award, which will become fully vested in ten years. Large awards like this can undermine the integrity of a company's regular incentive plans and the link between pay and performance. Although the long vesting period may help lessen concerns around the lack of performance based conditions, an award of this size without performance – based vesting conditions is concerning. This vote is deemed significant because the lack of clarity of future grants to Mr Jassy and lack of transparency to the shareholders through performance-based conditions for a grant this size warrant shareholder opposition. In addition Amazon has a high ESG risk rating.
Bezeq	Global Managed Volatility Factor Allocation Global Equity	Corporate Governance	Voted Against the proposal 'amend employment terms of executive chair'. SEI believe that the shareholders should be concerned that management would keep the right to grant an annual bonus to the chair on a discretionary basis, without the need of any quantitative measure of performance. SEI believe this is not in the shareholders' best interests and the company has also failed to disclose a clear description of their performance hurdles. This vote is deemed significant because without this disclosure it makes it hard to evaluate the extent to which the company aligns annual executive compensation with short-term performance and Bezeq has a high ESG risk rating.

<p>PJSC Mining and Metallurgical Company Norilsk Nickel</p>	<p>Global Select Equity</p>	<p>Environmental Incident</p>	<p>Voted Abstain the proposal 'elect Evgeny Schwartz'. In one of the company's facilities, an aging reservoir collapsed and leaked over 20,000 tons of fuel. This spill caused damage worth around \$76 million in a Siberian river. The company has also had to pay its biggest penalty ever issued for environment damage in Russia for \$2 billion because they caused the worst ecological disaster in the Arctic environment according to environmentalists and authorities. Environmental organisations have also accused the company of trying to cover up the oil leak. Evgeny Schwartz is part of the sustainable development committee, therefore he should be held accountable for the company's environmental and social risks and impacts. Mining and Metallurgical Co Norilsk Nickel has a severe ESG risk rating and is part of Climate Action 100+.</p>
<p>Rami Levi Chain Stores Hashikma Marketing Ltd</p>	<p>Global Managed Volatility  Factor Allocation Global Equity</p>	<p>Corporate Governance</p>	<p>Voted Against the proposal 'elect Mordechai Berkovitch'. In 2021 Rami Levi acknowledged that their long-serving board chair Mordechai Berkovitch had criminal charges brought to him by the Jerusalem District Attorney's Office. There has been a very slow response from the company in making the shareholders aware of the allegations and these charges were in connection to activities that allegedly occurred during his time as an external legal consultant of Beit Shemesh municipality. This vote is deemed significant because Mordechai Berkovitch is a long-standing board member and SEI believe that Rami Levi's shareholders should be concerned with the criminal investigations he is involved in as matters may worsen and it may dampen shareholder value. Rami Levi has a high ESG risk rating.</p>
<p>Shufersal Ltd</p>	<p>Global Managed Volatility</p>	<p>Corporate Governance</p>	<p>Voted Against the proposal 'elect Itzik Abercohen'. In this year's annual meeting a competitive election has made it possible for there to be more recommendations than actual seats on the board. A popular candidate being backed by a few institutional investors is Shufersal's former CEO Itzik Abercohen who resigned in January 2022. His resignation was fast tracked because of the 2 scandals he was involved in. The first, revealed by Israel's Channel 10, showed that the company was marketing discounted prices to ultra-Orthodox Jewish parts of the population. The second involved a raid of Shufersal's offices and Itzik Abercohen being questioned on suspicion of price fixing. Whilst it is noted that investigations are in the early stages, SEI is concerned by the circumstances surrounding Abercohen's departure and the hasty attempt to return to him to the board. Shufersal also has a high ESG risk rating.</p>