

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

Implementation Statement

Scheme year ended 31 March 2024

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 2024.

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 2024 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 July 2024

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 2024.

Manager	Legal & General Investment Management
Fund name	Ethical Global Equity Index (both GBP hedged and unhedged share classes)
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
Number of company meetings the manager was eligible to vote at over the year	1,167
Number of resolutions the manager was eligible to vote on over the year	16,564
Percentage of resolutions the manager voted on	99.8%
Percentage of resolutions the manager abstained from	0.2%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	81.4%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	18.5%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	14.1%
Proxy voting advisor	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

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 Trustee 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 / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme. Therefore, for this Implementation Statement, the Trustees have delegated to 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 are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Legal & General have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from the manager to represent what it considers the most significant votes cast on behalf of the Scheme - the votes of the largest holdings relating to each fund have been chosen as the most significant, as shown below.

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

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	NVIDIA Corporation
Date of vote	7 December 2023	28 February 2024	22 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.6%	6.9%	2.6%
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 1i - Elect Director Stephen C. Neal
How the manager voted	LGIM voted against the resolution.	LGIM voted against the resolution.	LGIM voted against the resolution (against management resolution).
If the vote was against management, did the manager	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.		

	Vote 1	Vote 2	Vote 3
communicate their intent to the company ahead of the vote?			
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: 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.
Outcome of the vote	Pass	Fail	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 - 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.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.	

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

Fund name Ethical Global Equity Index
Ethical Global Equity Index (GBP Hedged)

Does the manager perform engagement on behalf of the holdings of the fund Yes

Has the manager engaged with companies to influence them in relation to ESG factors in the year? Yes

Number of engagements undertaken on behalf of the holdings in this fund in the year 363

Number of engagements undertaken at a firm level in the year 2,144

LGIM engaged with a range of companies on issues including their climate impact pledge, climate change, remuneration, strategy and ethnic diversity.

As an example, LGIM engaged Nestlé over the year to 31 March 2024.

Given the link between poor diets and health conditions, LGIM believe that Nestlé have an important role to play in setting an example for the rest of the industry in terms of driving positive change in the area of nutrition.

Example of engagements undertaken at a firm level in the year

In September 2023 Nestlé announced a new nutrition target which LGIM did not believe was ambitious enough. They therefore engaged with Nestlé calling on the company to:

- Set key performance indicators (KPIs) regarding the absolute and proportional sales figures for food and beverage products according to their healthfulness,
- Provide a timebound target to increase the proportion of sales derived from these healthier products.

LGIM will monitor the company's response and actions and continue their engagement with them on this issue.

Source: LGIM