

**Portland College Pension Scheme
Implementation Statement
Year Ending 31 December 2022**

Glossary

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|--------------------|--|
| ESG | Environmental, Social and Governance |
| Investment Adviser | First Actuarial LLP |
| LGIM | Legal & General Investment Management |
| Scheme | Portland College Pension Scheme |
| Scheme Year | 1 January 2022 to 31 December 2022 |
| SIP | Statement of Investment Principles |
| UNPRI | United Nations Principles for Responsible Investment |

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme's investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM World Equity Index Fund
- Baillie Gifford Multi-Asset Growth Fund
- LGIM Diversified Fund
- Prudential With Profits Fund

The listed equities within the Prudential With Profits Fund are managed by M&G and so we have included M&G in our analysis.

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees

would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 December 2021.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 December 2022 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

| Investment Manager | Number of votes | Split of votes: | | |
|------------------------|-----------------|-----------------|--------------------|-------------------------|
| | | For | Against / withheld | Did not vote/ abstained |
| Baillie Gifford | 14,000 | 92% | 4% | 5% |
| LGIM | 150,000 | 76% | 23% | 1% |
| M&G | 48,000 | 89% | 8% | 3% |

Notes

Split of votes may not sum to 100% due to rounding.

Use of Proxy Voting Advisers

| Investment Manager | Who is their proxy voting adviser? | How is the proxy voting adviser used? |
|------------------------|------------------------------------|--|
| Baillie Gifford | No Proxy Voting Adviser | All done in-house, Manager aims to participate in all votes |
| LGIM | ISS and IVIS | ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM. |
| M&G | ISS and IVIS | Research provided by the proxy voting advisers but voting decisions always taken by M&G's Stewardship team. |

The Investment Managers' Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 December 2022 on the most contested proposals in nine categories across the UK, the US and Europe;

- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Analysis of Voting Behaviour

Baillie Gifford

Baillie Gifford has a tendency to support management proposals. To some extent Baillie Gifford's active management style provides justification; it supports the management of companies it has chosen to invest in. Possibly though, the voting record indicates some over-confidence in management boards.

In the wake of poor performance of many of Baillie Gifford's holdings, the manager has been less supportive of high executive pay in recent quarters.

Baillie Gifford has held companies to account on climate change issues and has opposed director proposals in this area which were deemed not to go far enough. There are also signs that Baillie Gifford is adopting a more supportive stance towards shareholder proposals aimed at tackling social issues. However, a failure to support a proposal looking to find out how plastic use by Amazon could be reduced will disappoint some - a message which the Investment Adviser has reported back to Baillie Gifford.

The Trustees have no material concerns regarding Baillie Gifford’s voting record.

LGIM

LGIM has a greater tendency than many other investment managers to oppose management in closely contested votes. The high incidence of opposition is consistent with the broad range of policies covered within LGIM’s corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how greenhouse gas emissions will be reduced).

The Trustees have no concerns regarding LGIM’s voting record.

M&G

The manager has demonstrated a willingness to vote against management on a broad range of issues and has only occasionally supported proposals that the majority of other shareholders have opposed.

M&G has also supported shareholder proposals designed to tackle ESG issues.

The Trustees have no material concerns regarding M&G’s voting record.

The Trustees’ investment advisers provide regular feedback to the Scheme’s investment managers where online voting disclosure is lacking or where an investment manager’s voting behaviour differs materially from their peers.

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of all managers used by the Scheme.

The Trustees will keep the voting actions of the investment managers under review.

..... Date:

Signed on behalf of the Trustees of the Portland College Pension Scheme

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

| Company | Meeting Date | Proposal | Votes For (%) | Votes Against (%) | LGIM | Baillie Gifford | M&G |
|---|--------------|--|---------------|-------------------|---------|-----------------|-------------|
| Audit & Reporting | | | | | | | |
| W. R. BERKLEY CORPORATION | 15/06/2022 | Ratify KPMG LLP as Auditors | 50 | 50 | Against | Not held | Against |
| PALACE CAPITAL PLC | 29/07/2022 | Receive the Annual Report | 68 | 31 | For | Not held | For |
| MODERNA INC | 28/04/2022 | Appoint the Auditors | 75 | 24 | Against | For | Against |
| INVESCO PERPETUAL UK SMALLER COMPANIES | 09/06/2022 | Re-appoint Ernst & Young LLP as the auditor of the Company | 76 | 24 | For | Not held | For |
| WORLDLINE SA | 09/06/2022 | Renew Appointment of Deloitte & Associates as Auditor | 77 | 23 | Against | Not held | For |
| Shareholder Capital & Rights | | | | | | | |
| TULLOW OIL PLC | 25/05/2022 | Issue Shares for Cash | 56 | 44 | For | Not held | For |
| PLAYTECH PLC | 30/06/2022 | Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital | 58 | 42 | For | Not held | Against |
| | | Issue Shares with Pre-emption Rights | | | | | |
| PALACE CAPITAL PLC | 29/07/2022 | | 62 | 37 | For | Not held | For |
| SHAFTESBURY PLC | 04/02/2022 | Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital | 70 | 29 | For | Not held | Against |
| FERRARI NV | 13/04/2022 | Grant Board Authority to Issue Special Voting Shares | 71 | 29 | Against | Not held | For |
| Pay & Remuneration | | | | | | | |
| THE COCA-COLA COMPANY | 26/04/2022 | Advisory Vote on Executive Compensation | 50 | 49 | Against | Abstain | For |
| THE TJX COMPANIES INC. | 07/06/2022 | Advisory Vote on Executive Compensation | 48 | 49 | Against | Not held | Against |
| ORANGE SA | 19/05/2022 | Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs | 50 | 49 | Against | Not held | Against |
| TRANSDIGM GROUP INCORPORATED | 12/07/2022 | Advisory Vote on Executive Compensation | 51 | 48 | Against | Not held | Against |
| HENRY SCHEIN INC. | 18/05/2022 | Advisory Vote on Executive Compensation | 51 | 48 | Against | Not held | Against |
| Constitution of Company, Board & Advisers | | | | | | | |
| TE CONNECTIVITY LTD | 09/03/2022 | Amend Article 5 | 50 | 50 | Against | Not held | Against |
| INTEL CORPORATION | 12/05/2022 | Elect Alyssa Henry - Non-Executive Director | 50 | 49 | Against | Not held | For |
| MOTOROLA SOLUTIONS INC. | 17/05/2022 | Elect Egon P. Durban - Non-Executive Director | 51 | 49 | Against | Not held | For |
| M&T BANK CORPORATION | 25/04/2022 | Elect John R. Scannell - Non-Executive Director | 51 | 49 | Against | Not held | Not held |
| CARRIER GLOBAL CORP | 14/04/2022 | Elect David Gitlin - Chair & Chief Executive | 52 | 48 | Against | Not held | For |
| Merger, Acquisition, Sales & Finance | | | | | | | |
| FORESIGHT GROUP HOLDINGS LIMITED | 10/08/2022 | Approve the Waiver of Rule 9 | 53 | 47 | Against | Not held | Abstain |
| BALTIC CLASSIFIEDS GROUP PLC | 28/09/2022 | Approve Waiver of Rule 9 of the Takeover Code | 66 | 34 | For | For | For |
| LUCECO PLC | 12/05/2022 | Approve Waiver of Rule 9 of the Takeover Code | 74 | 26 | Against | Not held | Against |
| | | Authorise Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer | | | | | |
| BOUYGUES SA | 28/04/2022 | | 76 | 24 | Against | Not held | For |
| DASSAULT SYSTEMES SE | 19/05/2022 | Delegate Power to the Board to Carry Spin-Off Agreements | 78 | 22 | Against | Not held | For |
| Climate Related Resolutions | | | | | | | |
| GLENORE PLC | 28/04/2022 | Climate Progress Report | 76 | 24 | Against | Not held | Against |
| M&G PLC | 25/05/2022 | Approve Climate Transition Plan and Climate-Related Financial Disclosure | 78 | 20 | Against | Not held | Do not vote |
| CENTRICA PLC | 07/06/2022 | Approve Climate Transition Plan | 79 | 20 | For | Not held | For |
| Royal Dutch Shell | 24/05/2022 | Approve the Shell Energy Transition Progress | 77 | 19 | Against | Not held | For |
| UNITED UTILITIES GROUP PLC | 22/07/2022 | Approve Climate-Related Financial Disclosures | 80 | 19 | For | Not held | For |
| Other Company Resolutions | | | | | | | |
| TE CONNECTIVITY LTD | 09/03/2022 | Allow Proxy Solicitation | 62 | 38 | Against | Not held | For |
| INVESTEC PLC | 04/08/2022 | Investec plc: Approve Political Donations | 70 | 29 | For | Not held | For |
| LIONTRUST ASSET MANAGEMENT | 22/09/2022 | Meeting Notification-related Proposal | 66 | 24 | Against | Not held | For |
| SSP GROUP PLC | 04/02/2022 | Meeting Notification-related Proposal | 79 | 21 | For | For | For |
| EASYJET PLC | 10/02/2022 | Approve Political Donations | 78 | 19 | For | Not held | For |
| Governance & Other Shareholder Resolutions | | | | | | | |
| ABBVIE INC | 06/05/2022 | Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to | 50 | 49 | For | Not held | For |
| NORTHROP GRUMMAN CORPORATION | 18/05/2022 | Shareholder Resolution: Right to Call Special Meetings | 50 | 49 | For | Not held | Not held |
| GLOBAL PAYMENTS INC | 28/04/2022 | Shareholder Resolution: Right to Call Special Meetings | 50 | 49 | For | Not held | For |
| APPLIED MATERIALS INC | 10/03/2022 | Shareholder Resolution: Right to Call Special Meetings | 49 | 49 | For | Not held | For |
| INTERCONTINENTAL EXCHANGE, INC. | 13/05/2022 | Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call | 49 | 50 | For | Not held | For |
| Environmental & Socially Focused Shareholder Resolutions | | | | | | | |
| PHILLIPS 66 | 11/05/2022 | Shareholder Resolution: Report on Reducing Plastic Pollution | 50 | 49 | For | Not held | For |
| AMAZON.COM INC. | 25/05/2022 | Shareholder Resolution: Report on Efforts to Reduce Plastic Use | 49 | 51 | For | Against | For |
| MONDELEZ INTERNATIONAL INC | 18/05/2022 | Shareholder Resolution: Oversee and Report on a Racial Equity | 48 | 51 | Against | Not held | For |
| | | Shareholder Resolution: Civil Rights Audit | | | | | |
| APPLE INC | 04/03/2022 | | 53 | 46 | For | Abstain | For |
| AMERICAN WATER WORKS COMPANY INC. | 11/05/2022 | Shareholder Resolution: Report on Third-Party Racial Equity Audit | 47 | 50 | For | Not held | For |

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote .
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees is satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees' have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.