

Implementation Statement

Simmons & Simmons Staff Pension Fund

This Implementation Statement has been prepared by the Trustees of the Simmons and Simmons Staff Pension Fund ("the Fund") and sets out the Trustees' approach to, and implementation of, the ESG policies as set out in the Fund's Statement of Investment Principles over the year to 28 February 2024.

The voting behaviour is not given over the Fund year-end to 28 February 2024 because investment managers only report on this data quarterly. Similar to last year, information has been provided to the nearest quarter end before the year-end i.e., to 31 December 2023.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 28 February 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in June 2022 and has been made available online in the policy section here:

<https://www.simmons-simmons.com/en/about-us/responsible-business>

The Trustees decided not to set stewardship priorities for the Fund because the Fund solely invests through pooled investment vehicles where the Fund's asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. Additionally, only 35% (£21.1m as at 28 February 2024) of the Fund's assets were invested in assets with voting rights attached. Given the Fund's intended time horizon to buy-out and plans to reduce the allocation to these assets over time, the Trustees decided not to set stewardship priorities. However, the Trustees takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

Trustee policies on voting and engagement

The Trustees' Statement of Investment Principles ("SIP") in force as at 28 February 2024 describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustees expect investment managers to be voting and engaging on behalf of the Fund's holdings and the Trustees monitor this activity within the Implementation Statement in the Fund's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short-term targets."

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Fund's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Fund invests entirely in pooled funds, and as such the Trustees delegate responsibility for carrying out voting and engagement activities to the Fund's investment managers.

- The Trustees, with input from their investment consultant, annually receive and review (through their Sustainability monitoring report and this Implementation Statement), the voting information and engagement policies of their investment managers to ensure alignment with their own stewardship priorities. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests. This exercise was undertaken in August 2023.
- While the Trustees consider stewardship priorities/themes for the Fund, they rely on the voting policy of their asset managers. The Trustees are comfortable that the asset managers' voting behaviours were broadly aligned with the Fund's stewardship beliefs.
- As part of ongoing monitoring of the Fund's investment managers, the Trustees use ESG and sustainability rating information available within the pensions industry or provided by its investment consultant, to assess how the Fund's investment managers take account of ESG issues.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the investment managers are in alignment with the Fund's stewardship policies.

**Prepared by the Trustees of the Simmons & Simmons Staff Pension Fund
April 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the Fund's investment managers within the Fund's Growth Portfolio on behalf of the Trustees over the year to 31 December 2023. The funds in the Protection Portfolio have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM	BNY Mellon - Newton
Fund name	LGIM Future World Global Equity Index Fund – GBP Hedged	Real Return Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
Number of company meetings the manager was eligible to vote at over the year	5,080	71
Number of resolutions the manager was eligible to vote on over the year	52,639	1,139
% of resolutions the manager voted on	99.9%	99.3%
% of resolutions the manager abstained from ^{Error! Bookmark not defined.}	0.4%	0.0%
% of resolutions voted with management¹	80.3%	92.0%
% of resolutions voted against management ^{Error! Bookmark not defined.}	19.3%	8.0%
Proxy voting advisor employed	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.	Newton utilises an independent voting service provider (ISS) for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that Newton recognise a potential material conflict of interest that the recommendation of their external voting service provider will be applied.
% of resolutions voted against proxy advisor	11.0%	5.10%

¹ As a percentage of the total number of resolutions voted on

Manager

LGIM

BNY Mellon - Newton

recommendation^{Error!}

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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 Trustees 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 Fund’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Fund but will be considering the extent that they wish to do this in due course, in line with other Fund risks. So, for this Implementation Statement, the Trustees have asked 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.

LGIM and Newton have provided a selection of votes which they believe to be significant for each fund. In the absence of agreed stewardship priorities / themes, and in the interest of concise reporting, the Trustees have selected three votes from the LGIM fund and three votes from the Newton fund. These votes cover a range of themes to represent what it considers the most significant votes cast on behalf of the Fund. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM Future World Global Equity Index Fund – GBP Hedged

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Amazon.com, Inc	Alphabet Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.5%	1.3%	1.0%
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	Resolution 18 - Approve Recapitalisation Plan for all Stock to Have One-vote per Share
How the manager voted	Against	For (against management recommendation)	For (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM’s policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay	A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

	Vote 1	Vote 2	Vote 3
	CEO due to risk management and oversight concerns.	gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	
Outcome of the vote	n/a	29% (Fail)	30.7% (Fail)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets LGIM manage on their behalf.	This shareholder resolution is considered significant due to the relatively high level of support received.

BNY Mellon, Newton Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Barrick Gold Corporation	NextEra Energy, Inc	Unilever Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.5%	0.5%	1.2%
Summary of the resolution	Elect Director J. Brett Harvey	Elect Director Sherry S. Barrat	Approve Remuneration Report
How the manager voted	Withhold	Against management	Against management
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Newton voted against the lead director who they consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.	Newton voted against the Non-Independent Lead Director given the roles of Chair and CEO are combined.	Newton voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this.
Outcome of the vote	14% against	91% for	58% against
Implications of the outcome	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognizance that governance structures in particular the board structure can improve. Newton feels the dissent would only increase if the company doesn't take necessary steps to address these concerns.	Newton sees the low level of dissent as evidence that their concerns were not widely shared by shareholders, notably US-based shareholder.	Newton views the vote outcome as a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. The company has reached out to shareholders and Newton have communicated their concerns and reasons for adverse vote recommendations. Newton will continue exercising future votes in support of their views surrounding significant salary increases and alignment between pay and performance.
Criteria on which the vote is considered "significant"	Newton highlighted this vote as significant as they expect to continue recognising their fundamental governance concerns through our voting and engagement activities.	Concentrated board leadership is a risk to smooth board functioning and would require an independent lead director, which is not the case here.	The failed vote outcome owing to significant shareholder dissent merits this vote as significant.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year to 31 December 2023 for the relevant funds.

Engagement activities are limited for the Fund's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	BNY Mellon – Newton
Fund name(s)	LGIM Future World Global Equity Index Fund - GBP Hedged	Real Return Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	886	19
Number of engagements undertaken at a firm level in the year	2,486	58

Examples of engagement activity undertaken over the year to 31 December 2023

Legal & General Investment Management

LGIM report engagement data at a firm-level, with information and examples on ESG considerations and stewardship activities provided in their quarterly ESG Impact Reports, which are available on their website ([Investment stewardship & governance | LGIM Institutional](#)). An example from the Q4 2023 ESG Impact report is provided below.

Name of entity engaged: Volkswagen

Type of engagement: Firm-level

Topic: Human Rights

Rationale for the engagement: Volkswagen has a particularly large presence in China where it has been present since the 1980s and has opened a plant in Xinjiang in 2013 via one of its joint ventures ('JV'). Over recent years, multinational corporations have faced allegations over of using forced labour in their operations in this region. In late 2022, MSCI responded to allegations of forced labour by assigning a red controversy flag to Volkswagen.

Actions: LGIM have maintained a regular and continuous dialogue with Volkswagen for many years regarding strategic direction and other governance questions, e.g. following the 'Diesel-gate' scandal in 2015. Since MSCI assigned a red flag controversy, LGIM have increased dialogue with Volkswagen further and have engaged on the question of human rights and have engaged on the question of human rights and the company's presence in Urumqi with senior management including the CFO and head of treasury, as well as investor relations. Communication has taken place via multiple communication channels, including in person, conference calls and written correspondence.

Outcomes and next steps: LGIMs engagement with Volkswagen has been well received and LGIM are happy that Volkswagen have taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen resolved to obtain an independent audit of its JV plant in Xinjiang in December 2023. This audit was conducted by a high profile and well-respected body and appears to have addressed the main concerns around operation at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag. As a result of the removal of the red flag, it is now possible for a greater proportion of LGIM funds to participate in new bond issuances.

LGIM will continue to engage with Volkswagen on the subject of human rights and other governance topics, including the long-term future of the plant in Xinjiang and retain an open dialogue with the company and its management.

Newton Investment Management, Real Return Strategy

Name of entity engaged: Royal Dutch Shell

Type of engagement: Firm-level

Topic: Environmental – Climate Change

Rationale for the engagement: Newton met the company to discuss Scope 3, which is the largest source of emissions for Shell. Newton held the view that the absence of an absolute Scope 3 reduction target raises questions on the credibility of Shell's transition plan.

Actions: Newton met Shell's Chair and discussed in detail the thinking of Shell's board regarding the new climate transition plan to be announced in March 2024. Newton came away from this meeting with a few important points. This includes the Chair reiterating a message from the previous meeting that Shell's initial transition thinking was maybe too ambitious and that their transition to a low carbon economy will occur, albeit slowly and with more bumps along the way and that they will aim to do everything possible to reduce emissions whilst remaining capital disciplined and not committing to anything unachievable.

Shell also explained in the meeting that it aimed to announce in March 2024 some sort of absolute Scope 3 targets on the transportation sector or the hardest to abate sector. It was acknowledged that this will not satisfy all shareholders, but will have the merit of being an improvement vs. the previous transition plan. Shell will do this via leaning into biofuels.

Newton stressed on the following points that would help the transition plan messaging:

- The company needs to communicate better and in a more shareholder friendly way its climate narrative.
- Announce a Scope 3 target that it can control
- Stress on the Emerging Markets side of the transition story and the needs there that are different from the EU or the US.

Outcomes and next steps: Newton view the meeting as being overall positive and taken alongside their meeting with the CEO, are starting to hear a coherent climate transition narrative. Newton believe that Shell is undoubtedly less ambitious than the initial climate transition thinking that they previously laid out a few years ago, but view this plan as more credible and more in touch with today's state of the world and the economy. With the publication of an absolute Scope 3 target for some sectors, Newton may consider this objective achieved in 2024.

Newton's next steps involve monitoring Shell's new climate transition plan announcement.

Schroder Investment Management

Please note that Schrodgers have not been included in the table above as detailed engagement reporting is not provided (given the nature of the underlying holdings).

Name of entity engaged: Tenaris SA

Type of engagement: Firm-level

Topic: Environment – Climate Change

Rationale for the engagement: As members of the Institutional Investors Group on Climate Change (IIGCC) Schrodgers took part in its collaborative Net Zero Engagement Initiative (NZEI). The purpose of the engagement is to seek confirmation that a company has developed, or intends to develop, a Net Zero Transition Plan consistent with the Net Zero Investment Framework alignment. One of the key areas of focus for Schrodgers' climate

engagements is Climate alignment. One of Schroders' short to mid-term desired outcomes is for holdings to publish a detailed transition plan explaining how a company will transition and meet its targets' in order to meet Schroder's long term desired outcome avoiding the worst impacts of climate change by limiting global warming to 1.5°C. Schroders engaged Tenaris because it is a global manufacturer and supplier of steel pipes, and Schroders sought to understand how they could assist Tenaris in addressing the challenges and opportunities associated with the net-zero transition.

Actions: In March 2023, Schroders cosigned a letter sent by IIGCC which sought confirmation that the company has developed, or intends to develop, a Net Zero Transition Plan consistent with the Net Zero Investment Framework alignment criteria including the following key elements: comprehensive net zero commitment, aligned GHG targets, emissions performance tracked and, a credible decarbonisation strategy. Following, Tenaris' response to the initial letter sent by IIGCC, Schroders sent a follow up email to investor relations, as lead engagers, to Tenaris to schedule a conversation with the company to introduce Schroders' aims and discuss the company's climate ambitions in more detail.

Outcomes and next steps: Schroders feel that this engagement is continuing to make steady progress. As this is a multi-year process, Schroders hope to continue monitoring developments as part of their role in the IIGCC's Net Zero Engagement Initiative and through the regular engagements they have with the company. Following the letter, Schroders co-signed, sent by IIGCC, Tenaris responded then Schroders sent a follow up email. The company is yet to meet the stated objective of developing a Net Zero Transition Plan consistent with the Net Zero Investment Framework alignment criteria target, however following continued dialogue with the company Schroders hope to see them meet this objective.