Implementation Statement, covering the Scheme Year from 6 April 2023 to 5 April 2024 (the "Scheme Year")

The Trustee of the Clyde & Co Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on the Scheme's SIPs that were effective during the Scheme Year. This Statement should be read in conjunction with the latest SIP which can be found online.

Much of this Statement is in relation to the Scheme's Defined Benefit ("DB") Section, given the relative size of the Scheme's Defined Contribution ("DC") Section and Additional Voluntary Contributions ("AVCs").

1. Introduction

The SIP was reviewed and updated twice during the Scheme Year.

The first review took place in November 2023 to simplify the content of the SIP, reflect DWP's new guidance in relation to monitoring and engaging with investment managers on stewardship, and to reflect the changes to the Scheme's strategic allocation made during 2023.

The second review took place in March 2024 to reflect the purchase of a bulk annuity policy to cover all members' remaining uninsured final salary benefits.

Further details and the reasons for these changes are set out in Sections 3 and 5. As part of these SIP updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Scheme's SIP (as updated as described above) during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

The Trustee's primary objective is to ensure that benefit payments are met as they fall due. In addition to this, the Trustee's secondary objective is that the Scheme should be fully funded on a buyout basis.

Over the year, the funding position and cashflow requirements of the Scheme's DB Section were reviewed as part of regular performance monitoring reports. In addition, the Trustee was also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Scheme's investment adviser which shows key metrics and information on the Scheme including expected return and risks of the investment strategy).

The Scheme has annuity policies in place with Canada Life, Aviva and L&G covering all member benefits. The objectives of the contracts are to reduce the Scheme's exposure to investment, inflation and mortality risks and protect the long-term financial security of members' benefits.

In regard to the DC and AVC benefits, the Trustee provides members with access to a range of investment options which it believes are in the best interests of the majority of the DC Section members, and enable appropriate diversification. The Trustee reviews the membership demographics and any material changes within the DC Section on an annual basis, as part of the production of the Chair's DC Governance Statement.

3. Investment strategy

DB Section Investment Strategy

In May 2023, the Trustee agreed to progress with a move towards a full buy-in. It was agreed to gradually de-risk the Scheme's assets over 2023 towards a de-risked strategy, with a final move towards a buy-out ready strategy occurring later when timings for approaching the insurance market were more certain. The de-risking involved moving out of the Scheme's equity and diversified growth holdings, and investing the proceeds into LDI and Buy & Maintain Credit, which were expected to move more closely in line with insurance pricing.

As part of this change in strategy, the Trustee appointed LGIM to manage a Buy & Maintain Credit mandate on behalf of the Scheme. The de-risking trades were completed in September 2023, at which point the Scheme was fully disinvested from the LGIM Low Carbon Transition Global Equity Index Fund (GBP Hedged).

The Trustee then restructured the Scheme's assets in February 2024 to match a price-lock mechanism agreed with its selected insurer – consisting of a combination of gilt fund holdings – to ensure that assets moved very closely in line with the insurance premium price whilst contractual terms were negotiated.

The Scheme then fully disinvested all of its invested assets in March 2024, with the cash proceeds transferred across to the selected insurer to purchase a bulk annuity contract. Therefore, as at 5 April 2024, the Scheme was entirely invested in a bulk annuity contract with a small residual cash balance held in the Trustee bank account.

DC Section Investment Strategy

The Trustee reviews the retirement data provided in the annual accounts to see how members access their benefits. The available data is limited given the small size of the membership.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy during the Scheme Year, it considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and, prior to the buy-in transaction in March 2024, would inform the Trustee promptly about any significant updates or events they became aware of regarding the Scheme's investment managers that may have affected the managers' ability to achieve their investment objectives. This included any significant change to the investment process or key staff for any of

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser, or, prior to the full buy-in transaction in March 2024, information provided to the Trustee by the Scheme's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks.

As the bulk annuity policies are the Scheme's only investments, the Scheme can be categorised as a "wholly-insured scheme" as defined in the Occupational Pension Schemes (Investment) Regulations 2005 and, as a result, many of the matters previously covered in the SIP, such as policies in relation to risks, are no longer required.

5. Implementation of the investment arrangements

As part of the de-risking action taken over the Scheme Year, the Trustee invested in a Buy & Maintain Credit mandate with LGIM in June 2023, and later invested in leveraged and unleveraged single stock gilt funds with LGIM in February 2024. The Trustee obtained formal written advice from its investment adviser, LCP, before investing in these funds. The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

As part of the production of the annual DC Chair's Governance Statement, the Trustee carried out a "value for members" assessment which assessed a range of factors, including the fees payable to managers in respect of the DC Section. Under regulation, the Scheme is required to carry out an "enhanced" value for members assessment, which involves comparing the DC arrangement against three other schemes including a comparison of the Scheme's costs, charges, and net returns.

Over the past two years, the Trustee has been exploring options which could improve value for members with DC benefits, including actively pursuing a section 32 buy-out of the Scheme's pure DC benefits (ie those without a GMP underpin) with Standard Life. The Trustee will also continue to review the situation for members with DC benefits with a GMP underpin alongside future strategy considerations.

6. Realisation of investments

The Trustee receives income from the Scheme's annuity policies which it holds within the Trustee Bank Account and uses to meet cashflow requirements. The Trustee does not receive income from any other source as its annuity policies sufficiently cover the Scheme's cashflow requirements.

In the DC Section, it is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. The Trustee ensures that a suitable range of daily priced funds are available for members.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers throughout the Scheme Year, the Scheme's investment adviser, LCP, incorporated its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

In selecting and appointing the LGIM Buy & Maintain Credit Fund, ahead of investing in the fund in June 2023, the Trustee reviewed the characteristics of each of the shortlisted managers, including their ESG targets.

Over the Scheme Year, no specific actions were taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8. Voting and engagement

The Trustee delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The managers' voting policies are set out in section 9.1. However, the Trustee took ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers prior to the full buy-in, the Scheme's investment adviser, LCP, incorporated its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set a stewardship priority to focus engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priority for the Scheme, which was Climate Change.

The Trustee has assessed significant votes taken by the investment managers over the Scheme Year, prior to the point at which it disinvested its assets. By the end of the Scheme Year, the Scheme had fully disinvested all of its invested assets, and has no influence over the voting activities of the annuity providers.

9. Description of voting behaviour during the Scheme Year

Prior to using its assets to purchase a bulk annuity insurance policy in March 2024, all of the Trustee's holdings in listed equities were within pooled funds and the Trustee had delegated to its investment managers the exercise of voting rights. Therefore, the Trustee was not able to direct how votes were exercised and the Trustee itself did not use proxy voting services over the Scheme Year. However, the Trustee monitored managers' voting and engagement behaviour periodically.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the funds held by the Scheme during the Scheme Year that invest in equities as follows:

- Baillie Gifford Multi Asset Growth Fund;
- BlackRock Dynamic Diversified Growth Fund; and
- LGIM Low Carbon Transition Global Equity Index Fund (GBP Hedged).

We have omitted voting data for the DC and AVC benefits on materiality grounds since its physical equity holdings are only a small proportion of the Scheme's total assets.

We have also omitted the other funds held by the Scheme during the year (eg Liability Driven Investment ("LDI"), Buy & Maintain Credit and Liquidity funds) since these are not expected to hold any physical equities.

The following sections provide details of each manager's voting process, as stated by the managers.

9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The managers provided the following wording to describe their voting policies.

Baillie Gifford

"All voting decisions are made by our ESG team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote, then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

"Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

"Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information."

BlackRock

"BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. We believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

"The team, and its voting and engagement work, continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

"As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.

"BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment

Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

"While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

"On behalf of our clients we intend to vote at all shareholder meetings of companies in which our clients are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote certain proxies, as well as the desirability of doing so. We do not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where we experience impediments in relation to a specific shareholder meeting, we will review the resolutions to assess whether the business under consideration warrants voting despite the complications caused by the impediment. For example, we currently do not vote at shareholder meetings that require share blocking: the restriction that is imposed when a vote is cast represents a liquidity constraint on the portfolio managers and increases the risk of failed trades, which can be costly to clients. BlackRock may in its discretion determine that the value of voting outweighs the costs of blocking shares from trading, and thus cast the vote and block the shares in that instance."

Legal & General Investment Management ("LGIM")

"LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

"Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

"All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

"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 we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

"To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

"We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."

9.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year from 6 April 2023 to the respective date of disinvestment for each fund is provided in the table below.

	Baillie Gifford	BlackRock	LGIM
Fund name	Multi Asset Growth Fund	Dynamic Diversified Growth Fund	Low Carbon Transition Global Equity Index Fund – GBP hedged
Date of full disinvestment	14 February 2024	13 February 2024	15 September 2023
Number of equity holdings at the date of full disinvestment	39	321	1,178
Number of meetings eligible to vote over the year to the date of full disinvestment	47	502	2,989
Number of resolutions eligible to vote over the year to the date of full disinvestment	475	6,370	34,675
% of resolutions voted	91%	95%	>99%
Of the resolutions on which voted, % voted with management	97%	94%	80%
Of the resolutions on which voted, % voted against management	3%	5%	20%
Of the resolutions on which voted, % abstained from voting	1%	1%	<1%
Of the meetings in which the manager voted, % with at least one vote against management	17%	26%	69%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A[1]	<1%	12%

Figures may not sum to 100% due to rounding.

[1]Baillie Gifford was not able to provide this data, noting that it does not rely on the recommendations of proxy research firms when voting. Though Baillie Gifford does not make use of proxy voting services formally, they are cognisant of the proxy voters' recommendations generally.

9.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting ("AGM") season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

In its summary, the Trustee has reported on a subset of votes (one per fund) as the most significant votes from the lists provided by managers. The Trustee has endeavoured to select significant votes which align with its stewardship priority, Climate Change, where possible. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

Baillie Gifford Multi Asset Growth Fund

Rexford Industrial Realty, June 2023

- **Summary of resolution:** Advisory ("say-on-pay") vote on the compensation of the named executive officers.
- **Relevant stewardship priority:** N/A – Baillie Gifford confirmed that there were no significant votes directly related to climate during the period for the Multi Asset Growth Fund.
- **Approx size of the holding at the date of the vote:** 0.9%
- **Why this vote is considered to be most significant:** Baillie Gifford considered this vote to be significant as it is an instance in which it opposed remuneration. Additionally, this was a vote against management, and impacts a holding with a relatively material weighting in the portfolio.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** Baillie Gifford opposed the executive compensation policy as it does not believe the performance conditions are sufficiently challenging. Baillie Gifford has concerns with the stringency of the performance targets which allow for payout when underperforming the chosen benchmark on total shareholder return.
- **Was the vote communicated to the company ahead of the vote:** No, however Baillie Gifford did engage with the company after the vote.
- **Outcome of the vote and next steps**: Approved. Following the AGM, Baillie Gifford contacted the company to explain their decision to oppose compensation for the second year in a row, requesting that the company increase the stringency of their targets. At the time of writing, Baillie Gifford confirmed it had not yet had a response from the company but will continue to monitor for any changes.

BlackRock Dynamic Diversified Growth Fund

Shell plc, May 2023

- **Summary of resolution:** Shareholder proposal for Shell to align its existing 2030 reduction target covering the Greenhouse Gas Emissions of the use of its energy products (Scope 3) with the Goal of the Paris Climate Agreement.
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** 0.2%
- **Why this vote is considered to be most significant:** BlackRock were not able to provide rationale as to why it considered this particular vote to be significant, though it suggested BlackRock selects a variety of proposals addressing a range of corporate governance issues in order to explain its vote decisions, and that this vote could represent a material sustainability-related matters which may be relevant to the company's business model. The vote was also relevant to Climate Change, which is the Trustee's stewardship priority.
- **Company management recommendation:** Against. **Fund manager vote:** Against.
- **Rationale:** BlackRock believed that the request was too prescriptive, unduly constraining on the company, and ultimately not in the financial interests of its clients.
- **Outcome of the vote**: Rejected.

LGIM Low Carbon Transition Global Equity Index Fund – GBP hedged

JPMorgan Chase & Co., May 2023

- **Summary of resolution:** Shareholder proposal for JP Morgan Chase & Co to report on its climate transition plan, describing efforts to align its financing activities with greenhouse gas targets.
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** 0.7%
- **Why this vote is considered to be most significant:** LGIM considers this vote to be significant as it pre-declared its intention to support the proposal. It also believes that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. The vote was significant to the Trustee as it was relevant to climate change, the Trustee's stewardship priority, and impacts a holding with a relatively material weighting in the portfolio.
- **Company management recommendation:** Against. **Fund manager vote:** For.
- **Rationale:** LGIM generally supports resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believes detailed information on how a company intends to achieve the 2030 targets they have set and published to the market further focuses the

board’s attention on the steps and timeframe involved, and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.

- **Was the vote communicated to the company ahead of the vote:** Yes, LGIM pre-declared its vote intention for this meeting on its LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
- **Outcome of the vote and next steps**: Rejected. LGIM have confirmed it will continue to engage with the company and monitor progress.