

Amalgamated Metal Corporation Pension Scheme

Engagement Policy Implementation Statement for the year ending 31 December 2021

Introduction

The Trustees of the Amalgamated Metal Corporation Pension Scheme (the 'Scheme') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending December 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in consultation with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect their investment managers to make decisions based on assessments about the financial of underlying investments including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustee Directors do not envisage being directly involved with peer to peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment managers engage in dialogue with the companies they invest in and how

they exercise voting rights. They also provide details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to the investment managers' engagement policies, or a suitable alternative, is provided in the Appendix.

These policies are publicly available on the investment managers' websites.

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers with public equity voting rights is as follows:

Engagement	Period	Number of companies engaged with over the year	Number of engagements over the year	Top two engagement topics	Most significant company engagement over the year
BlackRock Aquila Life UK Equity Index	01/01/2021-31/12/2021	1,891	3,124	Climate Risk Environmental Impact Management	BlackRock do not rank engagements
MSIM Global Brands	01/01/2021-31/12/2021	29	64	Decarbonization Diversity & Inclusion	Pernod Ricard
Walter Scott LT Global Equity	01/01/2021-31/12/2021	11	15	Governance issues Carbon Risk/Climate Change	Disney
Lazard Global Infrastructure	01/01/2021-31/12/2021	n/a		Capital allocation Energy transition	ESG related topics including progress on the net zero target
First Sentier Global Listed Infrastructure	01/01/2021-31/12/2021	25	33	Modern slavery Climate change	Alliant Energy

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Voting Behaviour	Period	Number of meetings eligible to vote at	Number of resolutions eligible to vote on	Proportion of votes cast	Proportion of votes for management	Proportion of votes against management	Proportion of resolutions abstained from voting on
BlackRock Aquila Life UK Equity Index Fund	01/01/2021-31/12/2021	1,167	15,146	99.0%	93.0%	6.0%	1.0%
MSIM Global Brands	01/01/2021-31/12/2021	28	398	100%	89.7%	10.0%	0.3%
Walter Scott LT Global Equity	01/01/2021-31/12/2021	50	767	100%	97.0%	2.7%	0.3%
Lazard Global Infrastructure Fund	01/01/2021-31/12/2021	4	50	100%	66.0%	34.0%	0%
First Sentier Global Listed Infrastructure Fund	01/01/2021-31/12/2021	54	709	97.0%	86.0%	11.0%	3.0%

Trustees' assessment

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policies for the investment managers can be found here:

Investment manager	Engagement policy
BlackRock Investment Management	https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility
Walter Scott	https://www.walterscott.com/sustainability/stewardship/
First Sentier Investors	https://www.firstsentierinvestors.com/uk/en/institutional/responsible-investment/responsible-investment-reports-and-policies.html
Lazard Asset Management	https://www.lazardassetmanagement.com/uk/en_uk/references/sustainable-investing/impactful-ownership
M&G Investments	https://www.mandgplc.com/sustainability/sustainability-report
Morgan Stanley Investment Management	Global Sustain Strategy (morganstanley.com)
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
TwentyFour Asset Management	Sustainability TwentyFour Asset Management (twentyfouram.com)
Janus Henderson	ESG at Janus Henderson - Janus Henderson Investors

Information on the most significant votes for each of the funds containing equities is shown below.

BlackRock Aquila Life UK Equity Index	Vote 1	Vote 2	Vote 3
Company name	Berkshire Hathaway Inc.	General Electric Company	BP Plc

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Date of Vote	01/05/2021	04/05/2021	12/05/2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.2%	n/a	2.6%
Summary of the resolution	Elect Director Ajit Jain	Advisory Vote to Ratify Named Executive Officers' Compensation	Accept Financial Statements and Statutory Reports
How the fund manager voted	For	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	No	n/a
Rationale for the voting decision	n/a	Pay is not aligned with performance and peers.	n/a
Implications of the outcome	Pass	Fail	Pass
Criteria on which the vote is assessed to be "most significant"	n/a	n/a	n/a
MSIM Global Brands	Vote 1	Vote 2	Vote 3
Company name	Moody's Corporation	Reckitt Benckiser Group Plc	Zoetis Inc.
Date of Vote	20/04/2021	28/05/2021	20/05/2021
Approximate size of fund's holding as at	1.00%	6.70%	1.10%

the date of the vote (as % of portfolio)			
Summary of the resolution	Director Elections	Approve Remuneration Report	Approve Remuneration Report
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No, MSIM does not share voting intentions with any parties internally or externally prior to the vote	No, MSIM does not share voting intentions with any parties internally or externally prior to the vote	No, MSIM does not share voting intentions with any parties internally or externally prior to the vote
Rationale for the voting decision	Recommend Against Chairman of remuneration committee due to ongoing compensation concerns.	Concerns with quantum of pay and the use of EPS for the LTIP.	Concerns with the short term and long term performance metrics.
Outcome of the vote	Passed	Passed	Passed
Implications of the outcome	Continue to engage on the topics	Continue to engage on the topics	Continue to engage on the topics
Criteria on which the vote is assessed to be "most significant"	MSIM considers a vote against management significant.	MSIM considers a vote against management significant.	MSIM considers a vote against management significant.
Walter Scott LT Global Equity	Vote 1	Vote 2	Vote 3
Company name	Compass Group	Compass Group	Compass Group
Date of Vote	04/02/2021	04/02/2021	04/02/2021
Approximate size of fund's holding as at	1.9%	1.9%	1.9%

the date of the vote (as % of portfolio)			
Summary of the resolution	Authorise Issue of Equity	Authorise Issue of Equity without Pre-emptive Rights	Authorise Issue of Equity without Pre-emptive Rights in Connection with an Acquisition or Other Capital Investment
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	No
Rationale for the voting decision	Due to potential dilution greater than 10%	Due to potential dilution greater than 10%	Due to potential dilution greater than 10%
Outcome of the vote	Passed (92.3% votes for)	Passed (96.1% votes for)	Passed (95.9% votes for)
Implications of the outcome	Continue to monitor	Continue to monitor	Continue to monitor
Criteria on which the vote is assessed to be "most significant"	Vote against management	Vote against management	Vote against management
Lazard Global Infrastructure	Vote 1	Vote 2	Vote 3
Company name	National Grid Plc	Ferrovial SA	Ferrovial SA
Date of Vote	26/07/2021	08/04/2021	08/04/2021
Approximate size of fund's holding as at the	8.99%	8.78%	8.78%

date of the vote (as % of portfolio)			
Summary of the resolution	Management - Approve Climate Change Commitments and Targets	Management - Advisory Vote on Company's Greenhouse Gas Emissions Reduction Plan	Management - Advisory Vote, as from the 2022 AGM, on the Company's Climate Strategy Report
How the fund manager voted	With Management	With Management	With Management
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
Rationale for the voting decision	A vote FOR this resolution is considered warranted, as no significant concerns have been identified.	A vote FOR this item is warranted because the company's climate transition plan includes clear targets for 2030 and the governance structure for addressing and dealing with the climate topics is transparent and appears robust.	A vote FOR this item is warranted because the board's proposal to grant an advisory say on climate to shareholders allows shareholders to voice their position on the company's climate transition plans and progress towards them.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	As active managers, outcomes stemming from voting decisions and engagement are incorporated into our investment process, further enhancing long-term value for clients and beneficiaries. We believe the most effective shareholder engagement is undertaken by analysts who can contextualise the information that arises from the dialogues which is reflected in our voting decisions and then incorporated into our investment process. We engage with companies on a regular basis and in the case where we have voted against management we would typically follow up.		

Criteria on which the vote is assessed to be “most significant”

In this instance, Lazard has considered most significant votes in the following order: firstly any Say on Climate resolutions and any Share Holder proposals covering Environmental, Social and Governance issues, and secondly any votes against management (excluding routine items) not included in the first criteria. The resultant proposals were then ranked by the company’s average holding within the fund/or portfolio over the period under review to identify the votes for disclosure in the template.

Lazard’s voting approach is based on their global governance principles which lays out their expectations of company management. They are founded on the belief that long-term shareholder value is enhanced through a more comprehensive assessment of stakeholder management. This includes governance issues such as remuneration policies, independence of appointed board members, human capital issues including employees, suppliers, their customers, and the community, as well as natural capital issues, including its dependency and use of natural resources and its approach to manage climate change risk. Lazard believes that they must vote in a manner that (i) will maximize sustainable shareholder value as a long-term investor; (ii) is in the best interest of its clients; and (iii) the votes that it casts are intended in good faith to accomplish those objectives.

Further details of Lazard global governance principles, which showcases the manager’s thinking, can be found here: www.lazardassetmanagement.com/docs/-m0-/101881/GlobalGovernancePrinciples_en.pdf

First Sentier Global Listed Infrastructure	Vote 1	Vote 2	Vote 3
Company name	UGI Corp	Eiffage	AENA
Date of Vote	21/01/2021	06/04/2021	13/04/201
Approximate size of fund’s holding as at the date of the vote (as % of portfolio)	1.82%	1.59%	3.56%
Summary of the resolution	Management proposals regarding the re-election of	Management proposals regarding the re-election of Board of Directors	Advisory Vote on Climate Action Plan (2021-2030)

	Board of Directors (10 resolutions)		
How the fund manager voted	Against the proposals (Against the management recommendation)	Against the proposal (Against the management recommendation)	Against the proposal (Against the management recommendation)
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	Yes	Yes	Yes
Rationale for the voting decision	First Sentier voted against the re-election of UGI's board members on the view that they had made sub-optimal strategic decisions on behalf of the company - namely deciding to carry out acquisitions instead of improving the firm's Return on Equity by carrying out share buybacks.	First Sentier voted against the re-election of a long-standing Board Director and audit committee member, believing that shareholders may benefit from fresh perspectives on the audit committee.	Having supported an AENA shareholder resolution in 2020 to encourage commitments and increase disclosure related to risks of climate change, First Sentier voted against this proposal. While the proposed climate related targets and disclosures are much improved, they still lag best practice. This vote followed a call with the AENA Sustainability team.
Outcome of the vote	Passed	Passed	Passed
Implications of the outcome	Continue to call out Board underperformance across the listed infrastructure investment universe, as and when we see it.	Continue to lobby and engage with companies to promote good governance practices.	Continue to lobby and engage with companies to encourage greater transparency, including on the topic of climate change-related risks.

Criteria on which the vote is assessed to be "most significant"	Flagging Board and management underperformance when it is identified is an important part of pushing for improvement, which ultimately should result in better shareholder returns.	Good governance - including appropriate board structure and composition - is crucial for listed infrastructure companies.	Comprehensive disclosure of the risks associated with climate change is helpful for identifying areas of improvement, and for investment decision-making.
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