

# Goldsmiths' Company's Staff Pension Scheme Implementation Statement for the year ended 31 March 2023

## Purpose

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This statement provides information on how, and the extent to which, the Trustees' policies in relation to the exercising of rights (including voting rights), attached to the Scheme's investments, and engagement activities have been followed during the year ended 31 March 2023 ("the reporting year"). In addition, the Statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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As documented in last year's Implementation Statement, in Q1 2019, the Trustees received training on Environmental, Social and Governance ("ESG") issues from their Investment Adviser, XPS Investment ("XPS") and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Trustees' new policy was documented in the updated Statement of Investment Principles dated September 2019.

Additionally, in Q1 2020 the Trustees received further information on new requirements for the Scheme's SIP, including the need to address stewardship in more detail, and the need to explain the incentives the Trustees use to encourage the investment managers used by the Scheme to align their investment strategies with the Trustees' policies and to ensure that decisions are based on long-term performance. The Trustees' new policies were documented in the updated Statement of Investment Principles dated September 2020.

In 2022 the Trustees completed the combined ESG and Investment Beliefs survey. This was organised by XPS and was designed to capture the beliefs and preferences of each individual Trustee on both ESG-related issues and investment specific matters, in order to help direct further strategic allocation and/or fund selection decisions, at the appropriate time. One of the results of the survey was that the Trustees recognise the importance of ESG and climate change and that there was an opportunity for the Trustees to enhance their approach when it comes to the management of the Scheme assets.

## The Trustees' updated policies

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During the reporting year, there have not been any additional policies introduced, or changes made to existing policies, within the SIP.

## Manager selection exercises

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One of the main ways in which the Trustees' policy in relation to ESG issues is expressed is via manager selection exercises. The Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees received advice on the introduction of new investments with Legal & General Investment Management ("LGIM"). The advice included the introduction of Liability Driven Investment ("LDI") funds through the use of LGIM's "Matching Core" pooled LDI fund range; an additional diversified growth fund, the "Dynamic Diversified Fund"; and a cash fund, the "Sterling Liquidity Fund". XPS' research concluded that LGIM has a very strong firm-level philosophy in relation to ESG and that ESG is well integrated into the investment process. As part of the advice the Trustees' investment consultant commented on the level of ESG integration within the funds, including how LGIM undertakes voting and engagement with the underlying assets on behalf of the Scheme. The advice concluded that the ESG integration and stewardship is robust, and aligned to the Trustees' policies as set out in the SIP.

## Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees’ views on ESG (including climate change) and stewardship.

ESG issues will be kept under review as part of the quarterly monitoring process and the Trustees will communicate any concerns with the relevant investment manager organisations if, and when, they arise.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

## Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

## Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Scheme invests.

A summary of the voting behaviour and most significant votes cast by each of the Scheme’s investment managers follows.

Note that in this section, the responses have been provided by the investment managers and therefore “we” or “us” or “our” will often be written from the perspective of the investment manager, not XPS or the Trustees.

Voting Information
LGIM All World Equity Index - GBP Hedged
The manager voted on 99.88% of resolutions of which they were eligible out of 68,320 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>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.</p> <p>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.</p>
Investment Manager Process to determine how to Vote

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.

### How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

### Does the manager utilise a Proxy Voting System? If so, please detail

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. For more information on how we use the services of proxy providers, please refer to the following document available on our website: [https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf)

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.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Amazon.com, Inc.	Resolution 1f - Elect Director Daniel P. Huttenlocher	Against	93.3% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Alphabet Inc.	Resolution 7 - Report on Physical Risks of Climate Change	For	17.7% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Meta Platforms, Inc.	Resolution 5 - Require Independent Board Chair	For	16.7% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
NVIDIA Corporation	Resolution 1g - Elect Director Harvey C. Jones	Against	83.8% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Berkshire Hathaway Inc.	Resolution 1.9 - Elect Director Susan L. Decker	Withhold	86.6% of shareholders supported the resolution.

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Source: Legal & General Investment Management

### Voting Information

#### LGIM Dynamic Diversified Fund

The manager voted on 99.83% of resolutions of which they were eligible out of 99,647 eligible votes.

### Investment Manager Client Consultation Policy on Voting

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.

### Investment Manager Process to determine how to Vote

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.

### How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;

- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
  - Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

### Does the manager utilise a Proxy Voting System? If so, please detail

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.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Royal Dutch Shell Plc	Resolution 20 - Approve the Shell Energy Transition Progress Update	Against	79.9% of shareholders supported the resolution.

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Rio Tinto Plc	Resolution 17 - Approve Climate Action Plan	Against	84.3% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Prologis, Inc.	Resolution 1a - Elect Director Hamid R. Moghadam	Against	92.9% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Consolidated Edison, Inc.	Resolution 1.9 - Elect Director Michael W. Ranger	Against	89.2% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
VINCI SA	Resolution 4 - Reelect Xavier Huillard as Director	Against	90.8% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

Source: Legal & General Investment Management

Voting Information
abrDN Diversified Growth Fund
The manager voted on 93.35% of resolutions of which they were eligible out of 9942 eligible votes.
Investment Manager Client Consultation Policy on Voting
We will consult with clients who have a segregated mandate in place.
Investment Manager Process to determine how to Vote



Our voting policy is on our website.

[https://vds.issgovernance.com/repo/2024/policies/Listed\\_Company\\_Stewardship\\_Guidelines.pdf](https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf)

### How does this manager determine what constitutes a 'Significant' Vote?

At Abrdn we view all votes as significant and vote all shares globally for which we have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements we identify and record what we deem to be the most significant votes across all our holdings. We have identified five categories of votes we consider as significant and have ordered these based our view of their importance. This enables us to provide a specified number of votes across a client's portfolio upon request. Members of our Central ESG Investment Function carry out a monthly review to identify and categorise significant votes. These categories and details of the underlying votes captured are as follows:

#### Significant Vote Category 1 ('SV1'): High Profile Votes

- Focus on votes which received public and press interest with a focus on our large, active holdings
  - Focus on votes which reflect significant governance concerns regarding the company
  - Resolutions proposed by Abrdn

#### Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

- Votes on shareholder E&S proposals where we have engaged with the proponent or company on the resolution
  - Votes on management-presented E&S proposals
- Focus on shareholder proposals where we have voted contrary to management recommendations

#### Significant Vote Category 3 ('SV3'): Engagement

- Focus on resolutions where we have engaged with the company on a resolution
- Focus on resolutions where post-engagement we voted contrary to our custom policy

#### Significant Vote Category 4 ('SV4'): Corporate Transactions

- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions

#### Significant Vote Category 5 ('SV5'): Votes contrary to custom policy

- Focus on large active holdings where we have voted contrary to custom policy following analysis

In addition, our voting policy can also be found on our website:

[https://vds.issgovernance.com/repo/2024/policies/Listed\\_Company\\_Stewardship\\_Guidelines.pdf](https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf)

### Does the manager utilise a Proxy Voting System? If so, please detail

We utilise the services of ISS for all our voting requirements.



Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Berkeley Group Holdings Plc	Approve Executive Share Option Plan	Against	Pass
We were concerned that this long-term incentive scheme was a significant one-off award which would allow full vesting on change of control. Our voting policy does not support one-off award, so we voted against this resolution.			
Telecom Plus Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Pass
We were not supportive of the 2016 LTIP. On this basis it seemed logical to vote against this resolution.			
JD Sports Fashion Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Pass
There was no commitment to align the pension contribution rate of incumbent executive with the broader workforce consistent with the Investment Association statement.			
The TJX Companies, Inc.	Prepare Report on Health Care Reform	Abstain	Fail
While we recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides a range of health benefits and has stated its commitment to inclusion and diversity. We encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.			
Walmart Inc.	Prepare Report on Health Care Reform	Abstain	Fail
While we recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides access to affordable healthcare coverage options for its salaried, full-time, part-time, and temporary associates, and a number of other benefits. We encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.			

Source: abrdn