

# Implementation Statement

## Statement of Compliance with the Stewardship Policy of Conservative Agents' Superannuation ("the Fund") for the year ending 31 March 2023

### Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with the Fund's Stewardship Policy during the period from 1 April 2022 to 31 March 2023.

### Stewardship policy

The Trustees' Stewardship Policy as stated in the Statement of Investment Principles sets out how the Trustees will behave as an active owner of the Fund's assets which includes the Trustees' approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with the Fund's investment managers and any other stakeholders.
- The Fund's Stewardship Policy is reviewed periodically in conjunction with reviews of the Fund's Statement of Investment Principles (SIP). The last review was last completed in March 2023.

You can review the Fund Stewardship Policy which can be found within the Fund's Statement of Investment Principles, at [statement-of-investment-principles.pdf \(casf.uk\)](#)

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Fund's investment managers. The Trustees believe it is important that its investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Fund's direct exposure to equity holdings is limited to the Vanguard Global Equity ETF. The other holdings of the Fund are either credit mandates without voting rights or are invested in a fund of fund structure such as the Partners Master Portfolio where Partners are an intermediary between the Trustees and the managers that directly invest in equities. In this case the monitoring of the stewardship decisions of the underlying managers, is the responsibility of Partners. The trustees, or their investment adviser on their behalf, challenge Partners on issues of stewardship and engagement where appropriate.

The Trustees' own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with its investment advisers. The Trustees meet periodically with its managers and the Trustees consider managers' exercise of their stewardship both during these meetings and through reporting provided by its managers and investment advisers.

The Trustees speak regularly about matters that impact the Fund and its investments and adopt a consistent investment policy and approach. They have a broad range of skill sets and experience, and with input and advice from their investment advisers, this allows effective decision making and challenge to managers. The Trustees monitor its compliance with its Stewardship Policy and is satisfied that it has complied with the Fund's Stewardship Policy over the last year.

## Implementation Statement (continued)

### Voting activity

The Trustees seek to ensure that its managers are exercising voting rights and where appropriate, to monitor managers voting patterns.

The Fund has direct investment in equity assets through the Vanguard Global Equity ETF. The table below sets out how votes were cast to year ending 31 March 2023 by Vanguard.

	Vanguard Global Equity ETF
Proportion of Fund assets as at 31/03/2023	11.6%
No. of meetings eligible to vote at during the year	5,591
No. of resolutions eligible to vote on during the year	58,568
% of resolutions voted	97%
% of resolutions voted with management	94%
% of resolutions voted against management	5%
% of resolutions abstained	1%
% of meetings with at least one vote against management	27%

Resolutions which Vanguard voted against management over the Fund year were often in relation to governance issues, remuneration and appointments to the board of directors.

### Significant votes

The following votes have been identified as of particular significance by Vanguard. Vanguard highlight these because they involved a vote at a company in which Vanguard holds a meaningful ownership position, the vote conveys their perspective on an important governance topic or communicates their view of positive progress - or lack of it - by a company and its board:

#### **J.P. Morgan Chase & Co., Lack of support for J.P. Morgan's compensation plan**

Vanguard voted against a one-time \$53 million retention option grant for the CEO and a similarly designed \$28 million retention option grant for the company's president and COO. In Vanguard's assessment, the lack of rigorous performance metrics coupled with time-based vesting created a potential misalignment between executive pay and the company's relative performance.

#### **Goldman Sachs, Oversight of climate-related risks**

Vanguard voted against a shareholder proposal to adopt a policy that would proactively ensure that Goldman Sachs' underwriting and lending activities did not contribute to new fossil fuel development. In reviewing the shareholder proposal, Vanguard determined that it was overly prescriptive in that it effectively dictated a change in the company's strategy and/or operations. The Vanguard-advised funds do not seek to dictate company strategy or operations and believe such matters appropriately belong to the company's management team under the oversight of its board.

#### **Alphabet, Shareholder voting rights**

Vanguard voted in favour of a proposal seeking equal shareholder voting rights. Alphabet has three classes of outstanding common stock: Class A, which has one vote per share; Class B, which has 10 votes per share; and Class C, which is nonvoting. Virtually all of the Class B shares are owned by the company's founders, giving them majority voting rights. Vanguard believe that shareholders' voting rights should be proportionate to their economic interest in a company and that the alignment of voting and economic interests is a foundational component of good governance. While these proposals are consistently supported by an overwhelming majority of Class A shareholders, the disproportionate majority voting rights of Class B shareholders have prevented the proposals from being approved.

**Implementation Statement (continued)****Engagement activity**

Managers are challenged both directly by the Trustees and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio. The following table summarises the steps taken to engagement and challenge managers over the year to 31 March 2023.

Fund	Highlights of Engagement
Partners Master Portfolio	<ul style="list-style-type: none"> <li>The Trustees receive bi-annual investment monitoring reporting from the investment adviser which highlight key issues impacting the managers' performance.</li> </ul>
Vanguard Global Equity	<ul style="list-style-type: none"> <li>As a passively managed exchange-traded fund, the Trustees do not regularly hold meetings with the manager.</li> <li>The fund falls under the growth portfolio with oversight by Partners</li> <li>The Trustees monitor the voting record and key engagements of the manager annually.</li> </ul>
M&G Credit Opportunity IV	<ul style="list-style-type: none"> <li>The Trustees receive bi-annual investment monitoring reporting from the investment advisers which highlight key issues impacting the manager's performance.</li> </ul>
Oakhill Diversified Credit Fund	
Barings High Yield Credit Fund	

**Implementation Statement (continued)****Summary of manager engagement activity**

The Trustees receive annual reporting on Vanguard's engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 December 2022.

Number of engagements	Topic engaged on
Board composition	1,032
Oversight of strategy and risk	876
Executive compensation	642
Shareholder rights	329

The manager carried out 2,879 engagements over 2022. Engagements primarily focused on board composition, oversight of strategy and risk, executive compensation and shareholders rights.

**Use of a proxy adviser**

Vanguard does not vote in lockstep with recommendations from proxy advisers such as Institutional Shareholder Services or Glass Lewis. Data from proxy advisers serve as one of many inputs into the research process. Even when a fund's vote happens to be consistent with a proxy advisor's recommendation, that

decision is made independently. Their Investment Stewardship team evaluates proposals and casts Vanguard's funds' votes in accordance with Vanguard's voting guidelines.-

**Review of policies**

The Trustees have committed to reviewing the managers' RI policies on a periodic basis. Reviews consider the Fund's managers broader approach to responsible investment issues in addition to considering any change in approach by the manager.

The Trustees remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Fund.