

Ricardo Group Pension Fund

Implementation Statement for the year ended 5th April 2023

Dated: July 2023

Purpose of the Implementation statement

This Implementation Statement (“**Statement**”) provides information on how, and the extent to which, the Trustee of the **Ricardo Group Pension Fund (the “Fund”)** has, in its opinion, followed the Fund’s policy in relation to the exercising of rights (including voting rights) and engagement attached to the Fund’s investments during the year ended 5th April 2023 (the “**Reporting Year**”). In addition, the Statement provides a description of the voting behaviour on behalf of the Trustee (including the most significant votes cast on behalf of the trustees during the Reporting Year).

Fund policy on Responsible Investment and Stewardship.

The Fund’s Statement of Investment Principles (“**SIP**”) includes the policy of the Trustee in respect of responsible investment and stewardship. The Trustee developed this policy in conjunction with its investment advisers.

Changes in policy in Reporting Year

There were no changes to the policy in the Reporting Year.

The Fund continues to invest entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Fund’s fund managers. The Fund’s overall fiduciary manager selects underlying fund managers and reviews the stewardship and engagement activities of the underlying managers at appointment and on an ongoing basis. Each year the Trustee will also receive and review voting and engagement information from the investment managers (via the fiduciary manager), which it will review to ensure alignment with its own policies and use to prepare the Fund’s Implementation Statement.

Adherence to policy

Structure of Equity Holdings and other voting rights

The Fund invested entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Fund’s fund managers. The pooled fund structure means that there is limited scope for the Trustee to influence managers’ voting behaviour.

How voting and engagement policies have been followed in the Reporting Year

Overall, the Trustee reviewed the voting and engagement activities of the managers held during the Reporting Year alongside preparation of the Statement and was satisfied that its policies were reasonable and in line with the Fund’s policies. Therefore, no remedial action was required during the Reporting Year. The fiduciary manager also has responsibility to review the stewardship and engagement policies of a manager upon appointment and on an ongoing basis.

Some managers only report voting and engagement activity annually, some managers’ reporting periods do not precisely match the Reporting Year.

- Voting activity is typically reported by managers in quarterly periods (unless otherwise stated below) and the Trustee has considered data from 31 March 2022 to 31 March 2023 as representative of the Reporting Year.
- Engagement data is produced quarterly or for bespoke periods by some managers, but for others is only produced annually. The fiduciary manager reviewed all managers historical voting and engagement activities ahead of appointment and on an ongoing basis.

Relevant Investments in Reporting Year and voting data

Investment funds within which voting activities were undertaken are listed below.

Funds representing 15% of Fund assets as at 5th April 2023 contained voting rights.

Equity Funds:

- Acadian Global Managed Volatility Fund
- State Street Global ESG Screened Defensive Equity
- State Street World Equity Index Fund
- Acadian Multi Asset Absolute Return Fund

There are no voting rights attached to other assets held by the Fund in the Reporting Year.

Voting Undertaken

Manager	Acadian	State Street	Acadian	State Street
Fund Name	Acadian Global Managed Volatility Fund	State Street Global ESG Screened Defensive Equity	Acadian Multi Asset Absolute Return Fund	World Equity Index Fund
Structure	Pooled Fund	Pooled Fund	Pooled Fund	Pooled Fund
Ability to influence votes	Limited scope to influence	Limited scope to influence	Limited scope to influence	Limited scope to influence
No. of meetings eligible to vote at	536	107	85	1541
No. of resolutions eligible to vote on	6,167	1,587	1,264	21,622
% Number of resolutions voted on	89%	100.00%	56%	99%
% Voted with management	84%	93%	86%	90%
% Voted against management	14%	7%	6%	9%
% Abstain	2%	0%	8%	1%
Where proxy advisory services used	Yes	Yes	Yes	Yes
Period Data Covers	12 months to Q1 2023	12 months to Q1 2023	12 months to Q1 2023	12 months to Q1 2023

Please note that the sum of “% voted with management”, “% voted against management” and “% abstain” may not sum to 100% because of both rounding and in some instances management do not provide guidance, so cannot vote with or against management.

Nature and extent of proxy advisory services where used

SSGA use a variety of third-party service providers (Examples include ISS and Glass Lewis) to support their stewardship activities. Data and analysis from service providers are used as inputs to help inform their position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with SSGA's in-house policies and views.

Acadian use an external service provider (Glass Lewis) as their proxy administrator. They are responsible for applying custom Guidelines when executing proxy votes. In cases where the Guidelines specify case-by-case review by committee, or for any proposal not specifically addressed in the guidelines, internal Proxy Analysts will review available information (including certain research provided by their proxy administrator) and provide a recommendation to the Proxy Voting committee. The committee will then vote on the proposal(s) in question and communicate a decision for their proxy administrator to execute.

Significant Votes

Please note that we have more data that can be provided on request for both State Street and Acadian regarding significant votes. We include two examples here for illustration.

Manager	State Street	Acadian
Company name	Dell Technologies	Mercury NZ Limited
Date of vote	27-Jun-22	22-Sep-22
Approx. size of fund holding as % of fund	0.57%	0.21%
Summary of resolution	Executive Compensation	Elect Lorraine Witten
Vote	Against	Against, Against Management
Where voted against, was this communicated to management ahead of vote?	No	No
Rationale for vote	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	Section II.A. We generally withhold votes from directors who serve on the boards of more than three publicly traded companies.
Outcome of vote	Not provided	Outcome not disclosed
Implications of vote	Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.	While we cannot determine any direct implications from this vote, our guidelines functioned as intended and the rationale was sound.
Why is this a 'Significant Vote'	Executive Compensation	Vote Against Management, Top Holding for reporting period

Engagement Undertaken

Manager	Acadian
Fund(s)	Global Managed Volatility, Multi Asset Absolute Return Strategy
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	13 (GMV) none provided for MAARS
Categorisation of engagements undertaken on the fund holdings during the reporting period.	Climate Action related engagements were mostly associated with Carbon Emissions, whilst Corporate Culture engagements were associated with Diversity
Number of engagements undertaken at a firm level during reporting period	111
Categorisation of engagements undertaken at a firm level during the reporting period.	Climate = 80, Corporate Culture = 28, Controversies = 2, Corporate Behaviour = 1
Example of an engagement undertaken during the reporting period.	Engagement related to our Corporate Culture theme (Diversity). We noticed this company may be falling behind on their efforts. We commended the company on setting diversity targets and pushed them to report on their targets so that progress could be measured and tracked.
Where no fund or firm level data provided (please populate below entries)	N/A
Proportion of client assets	N/A
Period in reporting year (months)	N/A (note data is for FY 2022)

Manager	Leadenhall
Fund(s)	Insurance-Linked Security
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	Leadenhall engages all counterparties in all strategies on ESG principles for all Life and Non-Life transactions. The Leadenhall UCITS ILS Fund held 103 cat bonds as at 31 December 2022 engaging with them all. Across all potential non-life ILS sponsors and transactions there were 309 engagements.
Categorisation of engagements undertaken on the fund holdings during the reporting period.	Governance is considered in all (100% of) fund engagements. The pricing of meteorological and climate risks are considered in all in non-life ILS transactions (100%). 99% of the assets in the Leadenhall UCITS ILS Fund as at 31 Dec 2022 were also considered to support social resilience by narrowing the insurance protection gap and providing insurance-linked protection.
Number of engagements undertaken at a firm level during reporting period	321
Categorisation of engagements undertaken at a firm level during the reporting period.	Governance is considered in all (100% of) firm engagements. The pricing of meteorological and climate risks are considered in all in non-life ILS transactions (96% of firm transactions).
Example of an engagement undertaken during the reporting period.	Syndicate 1910 had two main issues which were engaged on. First, they showed a pattern of poor handling of collateral, significantly delaying releases, and asserting they would provide commutation offers for historical contracts which never came. Second, they repeatedly underperformed in major events in comparison to their peers and in an incongruous manner with the data provided. We stopped supporting the counterparty once it became clear that we would not be able to leverage continued participation to secure collateral releases. We will re-engage with client when historical collateral issues have been remediated, and then only when they display a material improvement in relative performance
Where no fund or firm level data provided (please populate below entries)	N/A
Proportion of client assets	N/A
Period in reporting year (months)	Data covers 12 months to December 2022. Fund sold in Q3 2022.

Manager	Twelve Capital
Fund(s)	Cat Bond Fund
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Y
Number of engagements undertaken on holdings in the fund during reporting period?	35
Categorisation of engagements undertaken on the fund holdings during the reporting period.	N/A
Number of engagements undertaken at a firm level during reporting period	150
Categorisation of engagements undertaken at a firm level during the reporting period.	N/A
Example of an engagement undertaken during the reporting period.	A common example of an ESG engagement for a catastrophe bond would be as part of Twelve Capital's due diligence calls. As standard practice Twelve Capital's analysts have a one-to-one call with most catastrophe bond sponsors on launch, to ask them questions as part of the investment process. The analysts have now a specific set of ESG questions and discussion points. The analysts will ask them about; their ESG/Sustainability policy, with particular reference to how it impacts their underwriting, as this is where the biggest difference an insurance company can make. What is their view on climate change risk, and how are they taking it into account with their underwriting/reinsurance. What level of community outreach to they have, specifically on building community resilience e.g., do they provide incentives for insureds to get storm shutters, or grants to retro fit buildings, or donate sandbags ahead of storms etc.
Where no fund or firm level data provided (please populate below entries)	N/A
Proportion of client assets	N/A
Period in reporting year (months)	N/A

Manager	PGIM
Fund(s)	Global High Yield Bond
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	5
Categorisation of engagements undertaken on the fund holdings during the reporting period.	2 environmental & social & governance, 1 social & Governance, 1 Environmental & Governance, 1 Environmental & Social.
Number of engagements undertaken at a firm level during reporting period	224
Categorisation of engagements undertaken at a firm level during the reporting period.	Not provided
Example of an engagement undertaken during the reporting period.	<p>This discussion was an introductory call to establish a relationship with Ascent. After reviewing our ESG processes, we asked about the three areas we felt were most material for Ascent:</p> <ol style="list-style-type: none"> 1) GHG emissions 2) Water use 3) Health and safety <p>Ascent discussed their goals of increasing the share of responsibly sourced gas (RSG) in their total production, noting that there is currently a slight pricing premium at the moment. As demand for RSG grows, this could be positive from both the ESG Impact and credit side.</p>
Where no fund or firm level data provided (please populate below entries)	N/A
Proportion of client assets	N/A
Period in reporting year (months)	N/A

Manager	Columbia Threadneedle Investments
Fund(s)	LDI Fund Range, Global Low Duration Credit, Absolute Return Bond, Sterling Corporate Credit
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	163
Categorisation of engagements undertaken on the fund holdings during the reporting period.	The vast majority of the engagement done on the LDI and Credit products covers Climate Change (~75%). Environmental Stewardship makes up a large proportion of other engagements
Number of engagements undertaken at a firm level during reporting period	1920
Categorisation of engagements undertaken at a firm level during the reporting period.	Climate = 43%, Environ Stewardship = 19%, Business conduct = 1%, Human Rights = 5%, Labour Standards 9%, Public Health = 6%, Corporate Governance 19%.
Example of an engagement undertaken during the reporting period.	Example of engagement milestone: Publication of new Energy Policy. HSBC's new Energy Policy includes reference to a stronger coal exit policy, a dedicated client engagement program as well as limitations of financing for new large dams, new nuclear power projects, new greenfield oil sands projects, or new offshore oil and gas in the Artic. We have been engaging on clear limitations for its energy financing for a while and give its energy portfolio these commitments are sizeable.
Where no fund or firm level data provided (please populate below entries)	N/A
Proportion of client assets	N/A
Period in reporting year (months)	Please note, data on engagement covers FY 2022

Manager	Wellington
Fund(s)	Global High Yield Bond Fund
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	373
Categorisation of engagements undertaken on the fund holdings during the reporting period.	<ul style="list-style-type: none"> • Environmental = 6% • Social = 16% • Governance = 78%
Number of engagements undertaken at a firm level during reporting period	Not provided
Categorisation of engagements undertaken at a firm level during the reporting period.	Not provided
Example of an engagement undertaken during the reporting period.	Not provided
Where no fund or firm level data provided (please populate below entries)	-
Proportion of client assets	N/A
Period in reporting year (months)	12 months

Manager	State Street
Fund(s)	World Equity Index, Global ESG Screened Equity
Does the manager perform engagement with companies they have invested in and/or relevant counterparties?	Yes
Number of engagements undertaken on holdings in the fund during reporting period?	Not provided
Categorisation of engagements undertaken on the fund holdings during the reporting period.	Not provided
Number of engagements undertaken at a firm level during reporting period	956 (note this is for calendar year 2022)
Categorisation of engagements undertaken at a firm level during the reporting period.	<ul style="list-style-type: none"> • 27% Environmental • 28% Social • 45% Governance
Example of an engagement undertaken during the reporting period.	Not provided
Where no fund or firm level data provided (please populate below entries)	-
Proportion of client assets	N/A
Period in reporting year (months)	N/A