# Implementation Statement – Jewish Care Pension Scheme

## Purpose of this statement

This Implementation Statement has been prepared by the Trustee of the Jewish Care Pension Scheme (“the Scheme”) to set out the following information over the year to 31 March 2023:

* How the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
* The voting activity undertaken by the Scheme’s fund managers on behalf of the Trustee over the year, including information regarding the most significant votes.

## Stewardship policy

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent to which it wishes to do this in due course, in line with other Scheme risks.

## How voting and engagement/stewardship policies have been followed

The Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers. The Trustee cannot usually directly influence the managers’ policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the pooled nature of these investments. State Street, the Scheme’s equity manager, does now offer the ability for pension scheme investors to choose a third party voting policy from a certain range – at present the Trustee has not chosen to do this but may consider this in the future.

The Trustee requires that its fund managers take into account ESG considerations by engaging with companies and by exercising voting rights. However, the exercise of rights and engagement activities should be consistent with, and proportionate to, the rest of the investment process. The Trustee will also consider the fund managers’ policies on stewardship and engagement when selecting and reviewing fund managers.

The Trustee reviewed the fund managers’ strategies and processes for exercising rights and conducting engagement activities as part of the preparation of this annual Implementation Statement. Having reviewed the above (and the information in this Statement) in accordance with its policies, the Trustee is comfortable that the actions of the fund managers are in alignment with the Scheme’s stewardship policies. However, the Trustee will engage with the investment managers to the extent that any issues or questions are identified in future. There were no changes in the fund managers the Scheme employed over the year.

The Trustee expects all its fund managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustee believes that it has managed the potential for conflicts of interest in the appointment of the fund managers and conflicts of interest between the Trustee/fund manager and the investee companies. Additional information on the voting and engagement activities carried out for the Scheme’s investments are provided on the following pages.

### Data limitations

Where information is not included in this statement, it has been requested but has not been provided in a useable format (or at all) by the fund manager. The Trustee’s investment consultants are in discussion with the fund manager on how this data can be improved for future statements.

**Prepared by the Trustee of the Jewish Care Pension Scheme**

**October 2023**

## Voting Data

This section provides a summary of the voting activity undertaken by the fund managers within the Scheme’s Growth Portfolio on behalf of the Trustee over the year to **31 March 2023**. The **assets held with** **Insight Investment Management** have no voting rights attached to them.

| **Manager** | **State Street** |
| --- | --- |
| **Fund name** | All World ESG Screened Index Equity Sub-Fund |
| **Structure** | Pooled |
| **Ability to influence voting behaviour of fund manager** | The pooled fund structure means that there is limited scope for the Trustee to influence the fund manager’s voting behaviour. |
| **No. of eligible meetings** | 6,333 |
| **No. of eligible votes** | 64,029 |
| **% of resolutions voted** | 98.2% |
| **% of resolutions abstained** | 1.5% |
| **% of resolutions voted with management**[[1]](#footnote-1)1 | 85.9% |
| **% of resolutions voted against management**1 | 14.1% |
| **Proxy voting advisor employed**1 | ISS |
| **% of resolutions voted against proxy voter recommendation** | 7.6% |

### SSGA contract Institutional Shareholder Services’ (ISS) to administer proxy voting, assist in applying SSGA’s voting guidelines, provide research and analysis relating to general corporate governance issues and specific proxy items, and provide proxy voting guidelines in limited circumstances. SSGA also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes.

At this time, the Trustee has not set stewardship priorities / themes for the Scheme, but will be considering the extent to which it wishes to do this in due course, in line with other Scheme risks. Therefore, for this Implementation Statement, the Trustee has asked the fund managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their fund managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

**State Street** have provided a selection of votes which they believe to be significant. State Street consider the following topics to be most significant when it comes to their voting policies and therefore classify them as “significant votes”:

* All votes on environmental related shareholder proposals.
* All votes on compensation proposals where they voted against the company management’s recommendation.
* All votes against the re-election of board members due to: poor ESG performance of their companies; poor compliance with the local corporate governance score of their companies; and, due to the lack of gender diversity on board.

In the absence of agreed stewardship priorities / themes, the Trustee has selected 4 votes from their equity manager that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

There are no voting rights attached to funds held with **Insight Investment Management.**

**State Street Global Advisors, All World ESG Screened Index Equity Sub-Fund**

|  | **Vote 1** | **Vote 2** | **Vote 3** | **Vote 4** |
| --- | --- | --- | --- | --- |
| **Company name** | Microsoft Corporation | Amazon.com, Inc. | Meta Platforms, Inc. | Meituan |
| **Approximate size of fund's holding as at the date of the vote (as % of portfolio)** | 3.31% | 1.75% | 0.68% | 0.19% |
| **Summary of the resolution** | Report on climate change | Facility safety | Advisory vote to ratify named executive officers' compensation | Elect director |
| **How the manager voted** | Against | Abstain | Against | Against |
| **Rationale for the voting decision** | This proposal does not merit support as the manager believes the company's disclosure and/or practices related to climate change are reasonable. | State Street is abstaining on the proposal as the company's disclosure and/or practices related to facility safety are broadly in line with market standard but could be enhanced. | This item does not merit support as State Street has concerns with the proposed remuneration structure for senior executives at the company. | State Street is voting against the nominee due to the lack of gender diversity on the board. |
| **Outcome of the vote** | This information was not provided by State Street | | | |
| **Implications of the outcome** | Where appropriate State Street will contact the company to explain their voting rationale and conduct further engagement. | | | |
| **Criteria on which the vote is considered “significant”** | State Street considers votes on environmental related proposals to be significant. | State Street considers votes on environmental and social related proposals to be significant. | State Street considers votes on compensation to be significant. | State Street considers votes on director election to be significant |

### Fund level engagement

The fund managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each fund manager during the year for the relevant funds.

State Street carry out engagement activities at a firm-wide level. Engagement activities are limited for the Scheme’s LDI and liquidity funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

| **Manager** | **State Street** | **Insight** |
| --- | --- | --- |
| **Fund name** | All World ESG Screened Index Equity Sub-Fund | High Grade ABS Fund |
| **Number of engagements undertaken on behalf of the holdings in this fund in the year** | 641 | c.50 |
| **Number of engagements undertaken on behalf of the holdings on environmental topics in this fund in the year\*** | 201 | Not provided |
| **Number of engagements undertaken on behalf of the holdings on social topics in this fund in the year\*** | 211 | Not provided |
| **Number of engagements undertaken on behalf of the holdings on governance topics in this fund in the year\*** | 308 | Not provided |
| **Number of entities engaged on behalf of the holdings in this fund in the year** | 410 | c.40 |
| **Number of engagements undertaken at a firm level in the year** | 878 | 1178 |

\*There may be some double counting over topics, meaning the sum of the three is larger than the total engagements.

### Examples of engagement activity undertaken over the year to 31 March 2023

**State Street Global Advisors, All World ESG Screened Index Equity Sub-Fund**

**Mitsubishi Corp.**

State Street engaged with a member of the board and senior management at Mitsubishi Corp in June 2022 regarding the climate-related shareholder proposals, as well as subject matter experts. State Street highlighted opportunities to enhance certain areas of disclosure in line with peers including adopting short-term GHG emission reduction targets, strengthening disclosure on current and planned capital investments, and providing more detail on the integration of climate risk assessment into transaction due diligence. During the engagement, State Street learned that the company is in the initial stage of developing roadmaps to its 2030 and 2050 targets, as such State Street asked the company to provide enhanced disclosure around the strategy.

State Street ultimately voted for the proposal regarding the company adopting and disclosing a business plan with short and mid-term GHG emission reduction targets aligned with the goals of the Paris Agreement, as State Street felt that supporting the proposal will help encourage the company to continue to advance its efforts. State Street voted against the second proposal regarding capital expenditure disclosures including annual reporting, due the responsiveness of the company during State Street’s engagement and State Street feel optimistic that the engagement they have undertaken has resonated with the company.

**Insight Investment Management, High Grade ABS Fund**

**Pepper**

Insight engaged with Pepper on ESG considerations in their loan origination and underwriting process. Pepper currently don’t use ESG to form part of their loan origination process, with Insight looking to raise the issue and determine their level of engagement.

The engagement occurred at a single meeting in Q4 2022 with the Deputy Head of Treasury at Pepper, where they confirmed that ESG considerations were not a significant part of their loan origination and underwriting process. Insight raised their concerns and Pepper agreed that their disclosures need to improve and would be looking to improve a number of ESG metrics in their annual reports.

1. 1 As a percentage of the total number of resolutions voted on [↑](#footnote-ref-1)