

The Colt Life Assurance & Retirement Scheme

Implementation Statement

Purpose of this statement

This Implementation Statement has been produced by the Trustees of the Colt Life Assurance & Retirement Scheme ("the Scheme") to set out the following information over the period from 31 December 2020 to 31 December 2021:

- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

The Trustees' policies on voting and engagement

The following extracts from the Scheme's Statement of Investment Principles ("SIP") which was in force as at 31 December 2021 describe the Trustees' policies on the exercise of rights (including voting rights) and engagement activities. The Trustees' full policies on Environmental, Social and Governance ("ESG") considerations, stewardship and investment manager arrangements are set out in the SIP.

"As an investor in pooled funds, the Trustees currently adopt the policy of delegating the exercise of the rights (including voting rights) attaching to the Scheme's investments to the investment managers, who are signatories to the UK Stewardship Code or equivalent. The Trustees expect the investment managers to take account of ESG factors and climate risk when exercising these rights and will monitor this through the annual Implementation Statement.

The Trustees also delegate the undertaking of engagement activities to the investment managers, which includes entering into discussions with company management in an attempt to influence behaviour."

"In selecting and reviewing their investment managers, where appropriate and applicable, the Trustees will consider the investment manager's policies on engagement and ESG and how those policies have been implemented. If the Trustees find that any investment manager is not engaging with the companies in which the manager invests in a suitable manner or is not taking sufficient account of ESG matters in its exercising of voting rights, it will engage with that investment manager with the help of the Scheme's investment consultants."

The Scheme's SIP was last reviewed in September 2020 and has been made available online here: <https://www.colinfo.co.uk/legal-notice.html>

How voting and engagement policies have been followed over the year

At the Scheme year-end, the investment managers ("the managers") appointed to manage assets on behalf of the Scheme were Invesco Asset Management, Columbia Threadneedle Investments, BlackRock Investment Management and Insight Investment.

Based on the information provided by the Scheme's managers, the Trustees believe that the Scheme's policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds and, as such, delegates responsibility for carrying out voting and engagement activities to the Scheme’s managers. Investment rights (including voting rights) have been exercised by the managers in line with their general policies on corporate governance. The Trustees also expect the managers to have engaged with the companies in which they invest in relation to ESG matters.
- The Trustees have a process in place to review the performance of the funds in which the Scheme invests and any significant fund developments from time to time.
- The Trustees receive voting and engagement data from the Scheme’s managers on an annual basis, which they review and report on in their annual Implementation Statement.

The Trustees have reviewed the summary data below in respect of the managers’ voting and engagement activities and are comfortable that the actions of the managers are in alignment with the Scheme’s stewardship policies. The Trustees have not undertaken a formal review of the managers’ voting and engagement policies (outside of the information contained within the Implementation Statement) over the year

**Approved by the Trustees of The Colt Life Assurance & Retirement Scheme
May 2022**

Voting data

This section provides a summary of the voting activity undertaken by the managers on behalf of the Trustees over the year to 31 December 2021.

There are not expected to be any voting rights attaching to the Insight LDI funds, Insight credit funds or the liquidity funds held by the Scheme as there is a limited ability to engage with key stakeholders given the nature of these mandates. Therefore, these funds are not included in the tables below.

The Scheme was invested in private equity funds with both BlackRock Investment Management and Schroder Investment Management, alongside being invested in a property fund with Columbia Threadneedle Investments over the year. However, these assets were sold prior to the year-end and are therefore not included in the tables below.

Manager	BlackRock				Invesco	Columbia Threadneedle
Fund name	iShares Emerging Markets Index Fund	Aquila Life MSCI World Fund	iShares Edge EM Fundamental Weighted Index Fund	Aquila Life Global Developed Fundamental Weighted Index Fund	Global Targeted Returns Fund	Dynamic Real Return Fund
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					
Number of company meetings the manager was eligible to vote at over the year	2,501	973	718	595	348	368
Number of resolutions the manager was eligible to vote on over the year	22,106	13,094	6,989	8,666	5,343	4,694
Percentage of resolutions the manager voted on	100.0%	99.0%	100.0%	100.0%	98.3%	100.0%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	3.0%	0.0%	6.0%	0.0%	0.3%	2.6%

Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	89.0%	91.0%	90.0%	92.0%	92.1%	90.9%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	10.0%	8.0%	9.0%	7.0%	7.9%	6.6%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	1.0%	0.0%	0.0%	0.0%	4.8%	n/a

Source: Information provided by the managers.

Proxy voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings and, where applicable, the proxy advisor can also vote on behalf of the owners of the shares. The below details how each of the Scheme's managers (where applicable) utilise a proxy advisor.

BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, Blackrock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision.

Globally, Invesco leverage research from ISS and Glass Lewis, and utilise the Investment Association IVIS in the UK for research of UK securities. Invesco generally retain full and independent discretion with respect to proxy voting decisions. Globally, Invesco receive research reports, including vote recommendations, from ISS and Glass Lewis for company shareholder meetings across their holdings. To assist with the operational aspects of the proxy voting process (including vote disclosure) to meet regulatory requirements, Invesco retain the services of ISS and leverages their proprietary proxy voting platform ("PROXYintel") to further streamline the process. Invesco also engage ISS's governance research and voting services to implement their internally developed custom voting guidelines with specific voting recommendations on ESG issues applied globally.

Columbia Threadneedle utilise the proxy voting platform of ISS to cast votes for client shares and to provide recordkeeping and vote disclosure services. They have retained Glass, Lewis & Co and ISS to provide proxy research services to ensure quality and objectivity in connection with voting on client shares. Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document and their proxy voting practices are implemented through their Proxy Voting Policy.

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 Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustees have asked the managers to determine what they believe to be a “significant vote”.

Data on significant votes was requested from each of the managers included in the voting data table above. Some managers have provided a selection of votes which they believe to be significant and, in the interest of concise reporting, the tables below show three of these votes for each fund.

In some cases, the requested data on significant votes has not been provided by the manager. The Trustees’ investment consultant is liaising with the managers to improve the delivery of this data in the future and we understand that the managers are working to improve their disclosures.

Summarised examples of significant votes are set out below.

BlackRock iShares Emerging Markets Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Top Glove Corporation Bhd	JBS SA	Vedanta Limited
Date of vote	6 January 2021	28 April 2021	10 August 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Summary of the resolution	Elect Lim Andy as Director	Elect Wesley Mendonca Batista Filho as Director	Re-elect Upendra Kumar Sinha as Director
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Rationale for the voting decision	The Board has provided inadequate oversight over labour-related and worker health and safety issues.	Blackrock voted against this audit committee member because of substantial accounting irregularities for which they believe the audit committee bears some responsibility.	Blackrock felt that the Company did not meet their governance expectations and they believe the Board would be more effective with a strong Lead Independent Director who has appropriate responsibilities and oversight.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Criteria on which the vote is considered “significant”	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>

Source: Information provided by BlackRock.

BlackRock iShares Edge EM Fundamental Weighted Index Fund

	Vote 1	Vote 2	Vote 3
Company name	JBS SA	Huadian Power International Corporation Limited	Huadian Power International Corporation Limited
Date of vote	28 April 2021	30 June 2021	30 June 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Summary of the resolution	Elect Wesley Mendonca Batista Filho as Director	Approve Capital Increase Agreement, Assets and Equity Disposal Agreements and related transactions	Approve Equity Acquisition Agreements and related transactions
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Rationale for the voting decision	Blackrock voted against this audit committee member because of substantial accounting irregularities for which they believe the audit committee bears some responsibility.	This item was proposed by the controlling shareholder / management and Blackrock consider it to be in the best interest of shareholders to not support the proposal.	This item was proposed by the controlling shareholder / management and Blackrock consider it to be in the best interest of shareholders to not support the proposal.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Criteria on which the vote is considered "significant"	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>

Source: Information provided by BlackRock.

BlackRock Aquila Life MSCI World Fund and BlackRock Aquila Life Global Developed Fundamental Weighted Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Danske Bank A/S	Canadian Pacific Railway Limited	BP Plc
Date of vote	16 March 2021	21 April 2021	12 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>

	Vote 1	Vote 2	Vote 3
Summary of the resolution	Approve guidelines for incentive-based compensation for Executive Management and Board	Hold an annual non-binding advisory vote on climate change	Approve shareholder resolution on climate change targets
How the manager voted	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Data not provided</i>	<i>n/a</i>	<i>n/a</i>
Rationale for the voting decision	Blackrock voted against this resolution as they felt the remuneration arrangements are poorly structured and the disclosure does not provide sufficient understanding of the company's remuneration policies and the link between performance-based pay and company performance.	Blackrock are supportive of the company's efforts to date with respect to this material climate issue and believe that voting in favour may accelerate the company's progress.	Blackrock recognise the company's efforts to date but believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>
Criteria on which the vote is considered "significant"	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>

Source: Information provided by BlackRock.

Invesco Global Targeted Returns Fund

	Vote 1	Vote 2	Vote 3
Company name	Origin Energy Limited	Suofeiya Home Collection Co., Ltd.	Woodside Petroleum Ltd.
Date of vote	12 October 2021	7 May 2021	6 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Data not provided in a usable format</i>	<i>Data not provided in a usable format</i>	<i>Data not provided in a usable format</i>
Summary of the resolution	Approve amendments to the company's constitution	Approve financing amount	Approve amendments to the company's constitution proposed by Market Forces
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Data not provided</i>	<i>n/a</i>	<i>Data not provided</i>

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	Invesco voted against the resolution as the request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals.	Invesco voted in favour of this resolution because the funds will be needed by the company to facilitate its daily operations and business development.	Invesco voted against the resolution as the request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.
Criteria on which the vote is considered "significant"	Reasons include the resolution covering a key ESG proposal	Reasons include the resolution covering a key ESG proposal	Reasons include the resolution covering a key ESG proposal

Source: Information provided by Invesco.

Columbia Threadneedle Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Caterpillar Inc.	Chalice Mining Ltd.	Sun Hung Kai Properties Limited
Date of vote	9 June 2021	24 November 2021	4 November 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.03%	0.00%	0.00%
Summary of the resolution	Report on Climate Policy	Approve issuance of options to Stephen McIntosh	Elect Wu Xiang-dong as Director
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	Data not provided	Data not provided
Rationale for the voting decision	Columbia Threadneedle voted for the resolution to support better ESG risk management disclosures.	Columbia Threadneedle voted against the resolution due to remuneration concerns.	Columbia Threadneedle voted against the resolution due to attendance concerns.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.		

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	Vote against management	Vote against management	Vote against management

Source: Information provided by Columbia Threadneedle.

Fund-level engagement

The managers may engage with investee companies on behalf of the Trustees. The tables below provide a summary of the engagement activities undertaken by each manager during the year to 31 December 2021. We are working with managers to obtain this data in a more consistent way going forward.

The scope for engagement in relation to the Insight LDI funds and the liquidity funds held by the Scheme is expected to be extremely limited. Therefore, these funds are not included in the tables below.

As mentioned previously, the Scheme was invested in private equity funds with both BlackRock and Schroder, alongside being invested in a property fund with Columbia Threadneedle over the year. However, these assets were sold prior to the year-end and are therefore not included in the tables below.

Manager	BlackRock			
Fund name	iShares Emerging Markets Index Fund	Aquila Life MSCI World Fund	iShares Edge EM Fundamental Weighted Index Fund	Aquila Life Global Developed Fundamental Weighted Index Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	455	1,735	263	1,450
Number of entities engaged on behalf of the holdings in this fund in the year	296	915	155	711
Number of engagements undertaken at a firm level in the year			3,642	

Source: Information provided by BlackRock.

Manager	Invesco	Columbia Threadneedle	Insight	
Fund name	Global Targeted Returns Fund	Dynamic Real Return Fund	Buy & Maintain Bond Fund	High Grade ABS Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	n/a	127	<i>Data not provided</i>	<i>Data not provided</i>
Number of entities engaged on behalf of the holdings in this fund in the year	2,000* (at firm-level)	84	90	148
Number of engagements undertaken at a firm level in the year	2,500	230**	981	

Source: Information provided by the managers.

*Data for Invesco was only available at a firm-level.

**Number of engagements relating to ESG only.

Examples of engagement activities undertaken over the year to 31 December 2021

Manager	Example engagements and engagement themes
BlackRock	<p>Company: Eletrobras</p> <p>BlackRock engaged with Centrais Eletricas Brasileiras (Eletrobras), Latin America's largest power utility, frequently in recent years to share their perspective on climate and sustainability-related disclosures.</p> <p>In early 2021, the company had not yet produced corporate sustainability reporting describing how sustainability risks and opportunities are governed, reflected in strategy, integrated into risk management practices and measured (i.e. metrics and targets). BlackRock feel comprehensive disclosures of the company's approach to the management of climate and sustainability-related risks and opportunities are important due to the carbon-intensive nature of Eletrobras' business model and the scale of its operations. They feel that better quality reporting and data supports investors' understanding of the drivers of value in companies' business operations and material business risks.</p> <p>BlackRock engaged with the company in early 2021 and emphasised how long-term investors have better insight into risks and opportunities when a company explains clearly and comprehensively the material sustainability-related drivers of risk and value creation in their businesses.</p> <p>In November 2021, Eletrobras produced its first TCFD and SASB-aligned reports. BlackRock have been encouraged by the company's efforts to enhance disclosures and have continued to engage to provide</p>

constructive feedback, at the company's request, on potential areas for improvement. Eletrobras has been receptive to BlackRock's feedback and they will continue to engage to monitor this progress and provide feedback as appropriate.

Company: Larsen & Toubro

Invesco

Invesco engaged with Larsen & Toubro regarding their involvement in the Indian nuclear weapons programme, as this was flagged by both Sustainalytics and ISS in their company assessments. Invesco's Article 8 framework excludes companies from investment that are involved in the manufacturing of nuclear weapons for countries outside of the UN Non-proliferation Treaty. For this reason, Invesco requested a meeting with the company in order to understand the nature of their involvement and determine if the company was in violation of this criteria.

Invesco asked the company about both their historic involvement in the Indian nuclear weapons programme and the nature of their ongoing involvement. Due to government secrecy agreements, the company was limited in what they were able to disclose. However, they were able to confirm that they had absolutely no involvement in the manufacturing of nuclear weapons or their launch systems, noting that their involvement was limited to the building of submarines. Based on the information obtained on the call, Invesco determined that the company was not in violation of the Article 8 framework and, on that basis, Invesco was not required to sell out of the holding.

Company: Tesco Plc.

Columbia Threadneedle

Columbia Threadneedle engaged with Tesco Plc. to better understand the company's sustainability strategy, specifically relating to nutrition and plant-based proteins. A roundtable discussion was held between both parties. Tesco has set new goals for the proportion of sales that are healthy, alongside plant-based protein sales goals. Columbia Threadneedle feel that this is a step-up in focus on consumer health and, based on current disclosures, appears ambitious relative to peers (which may position the company well as the UK's obesity strategy is implemented and as consumer trends evolve post-pandemic). The underlying strategy appears to be based on extensive customer research and is segmented by customer profile. Columbia Threadneedle gained comfort in the company's revamped approach to health, nutrition and product reformulation.

Company: Together Financial Services

Insight

Insight engaged with this company in relation to the High Grade ABS Fund to discuss their responses to Insight's ESG template. The two areas of weakness that Insight focused on were environmental and impact. Regarding environmental weaknesses, Insight felt that the senior management had not done much regarding monitoring risks or stress-testing the business against future risks. The company had not incorporated any climate risks on their loans beyond standard business practice. As with most originators, carbon data and environmental metrics were limited or absent. Regarding social impact, Insight would like to see the company doing more on ensuring borrowers have flexible terms with a change in circumstances. The policies regarding third party servicers need to be better governed, with complaints independently evaluated.

Company: Blackstone Property Partners

Insight engaged with this company in relation to the Buy & Maintain Bond Fund in order to fully understand the impact of its "green bond" issuance. The company announced a green bond issuance in October 2021, with the proceeds being directed towards green buildings, renewable energy, energy efficiency, clean transportation and tenant relationships. Insight were disappointed with elements of the company's framework, including:

- Weak minimum standards for green buildings; and
- Lack of commitment on when full allocation would be achieved.

Insight provided feedback on areas for improvement in the green bond framework and they will review the framework if and when the company updates it in future.

Source: Information provided by the managers.