

The General Council of the Bar Pension and Life Assurance Fund

Engagement Policy Implementation Statement for the year ending 30 September 2022

Introduction

The Trustees of The General Council of the Bar Pension and Life Assurance Fund (the 'Fund') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 30 September 2022. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

The Trustees have received training on this implementation statement from their investment consultant and participated in training on the DWP draft guidance regarding stewardship duties in 2022. The Trustees intend on reviewing their stewardship policies during 2023, in the light of this guidance.

Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments and gilts. As such the Fund's investments in these asset classes are not covered by this engagement policy implementation statement.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The Trustees have not set out their own voting policy but follow that of the investment managers. Each investment manager is expected to provide regular reports detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
BlackRock	Yes	Yes
LGIM	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies, their investment consultant's ESG rating, and a review of each manager's voting and engagement behaviour.

The Trustees will seek to appoint investment managers that take a responsible and sustainable investment approach to investment and have identified the following priorities for monitoring and engagement with each investment manager:

- Climate change and environmental impact
- Labour conditions including gender equality, living wage and modern-day slavery
- Corporate governance, including board composition and executive remuneration.

The Trustees believe that monitoring and engaging on these stewardship priorities will result in better long term returns for the Fund and better outcomes for Fund members.

The Trustees will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustees from time to time.

If the Trustees find any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

Investment manager engagement policies

The Fund's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment managers engage in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

The latest available engagement information provided by the investment managers (for mandates that contain publicly quoted equities or bonds) is as follows:

Engagement				
	LGIM UK Equity Index Fund	LGIM World (ex UK) Equity Index Fund	LGIM Over 10 Year Active Corporate Bond	BlackRock Dynamic Diversified Growth
Period	01/10/2021 – 30/09/2022	01/10/2021 – 30/09/2022	01/10/2021 – 30/09/2022	01/10/2021 – 30/09/2022
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.			
Number of companies engaged with over the year	141	275	42	406
Number of engagements over the year	242	394	95	744

The Trustees are comfortable that these policies are broadly in line with the Fund's chosen stewardship approach.

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and to report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (for mandates that contain publicly quoted equities) is as follows:

Voting behaviour			
	LGIM UK Equity Index Fund	LGIM World (ex UK) Equity Index Fund	BlackRock Dynamic Diversified Growth
Period	01/10/2021 – 30/09/2022	01/10/2021 – 30/09/2022	01/10/2021 – 30/09/2022
Number of meetings eligible to vote at	765	3,031	904
Number of resolutions eligible to vote on	10,884	36,076	11,965
Proportion of votes cast	99.9%	99.8%	94.0%
Proportion of votes for management	94.1%	77.7%	94.0%
Proportion of votes against management	5.9%	21.5%	5.0%
Proportion of resolutions abstained from voting on	0.0%	0.8%	1.0%

Trustees' assessment

The Trustees have, in their opinion, followed the Fund's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustees have considered the environmental, social and governance rating for each investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities.

The Trustees have reviewed the significant voting and engagement behaviour of each investment manager and believe that this is broadly in line with their stated policies.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy (or suitable alternative)
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
BlackRock Investment Management	https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

Information on the most significant votes for each of the funds containing public equities is shown below.

Blackrock consider the votes chosen to be materially significant with regards to sustainable long-term performance.

LGIM UK Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of Vote	24/05/2022	12/05/2022	08/04/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.7	3.0	2.7
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	For	Against

<p>Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote</p>	<p>Voted in line with management</p>	<p>Voted in line with management</p>	<p>LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p>
<p>Rationale for the voting decision</p>	<p>Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream</p>	<p>Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and</p>	<p>Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p>

	and downstream businesses.	implementation, with particular focus on its downstream ambition and approach to exploration.	
Outcome of the vote	0.8	0.9	0.8
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
LGIM World (ex UK) Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Date of Vote	04/03/2022	30/11/2022	25/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.3	4.0	1.9

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Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella	Resolution 1f - Elect Director Daniel P. Huttenlocher
How the fund manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Outcome of the vote	53.6%	94.7%	93.3%
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

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Criteria on which the vote is assessed to be “most significant”	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.
BlackRock Dynamic Diversified Growth	Vote 1	Vote 2	Vote 3
Company name	Costco Wholesale Corporation	Samsung Electronics Co., Ltd.	Rio Tinto Plc
Date of Vote	20/01/2022	16/03/2022	08/04/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Financial Statements and Allocation of Income	Accept Financial Statements and Statutory Reports
How the fund manager voted	For	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
Rationale for the voting decision	n/a	n/a	n/a
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome			

Criteria on which the vote is assessed to be “most significant”	Vote Bulletin	Vote Bulletin	Vote Bulletin
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Information on the most significant engagement case studies LGIM participated in during the year ending 31 December 2021 is shown below.

LGIM	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	BP	Mcdonalds	Experian
Topic	Climate Transition	Antimicrobial resistance	Financial Inclusion
Rationale	<p>LGIM work with the Institutional Investor Group on Climate Change (IIGCC) as a crucial part of their approach to climate engagement. IIGCC is a founding partner and steering committee member of Climate Action 100+ (CA100+), a global investor engagement initiative with 671 global investor signatories representing \$65 trillion in assets that aims to speak as a united voice to companies about their climate transition plans. LGIM actively support the initiative by sitting on sub-working groups related to European engagement activities and proxy voting standards. They also co-lead several</p>	<p>The overuse of antimicrobials (including antibiotics) in human and veterinary medicine, animal agriculture and aquaculture, as well as discharges from pharmaceutical production facilities, is often associated with an uncontrolled release and disposal of antimicrobial agents. Put simply, antibiotics end up in their water systems, including their clean water, wastewater, rivers, and seas. This in turn potentially increases the prevalence of antibiotic-resistant bacteria and genes, leading to higher instances of difficult-to-treat infections. In autumn 2021, LGIM worked again with Investor Action</p>	<p>Pay equality and fairness has been a priority for LGIM for several years. LGIM ask all companies to help reduce global poverty by paying at least the living wage, or the real living wage for UK based employees. Income inequality is a material ESG theme for LGIM because they believe there is a real opportunity for companies to help employees feel more valued and lead healthier lives if they are paid fairly. These are important steps to help lift lower-paid employees out of in-work poverty. This should ultimately lead to better health, higher levels of productivity and result in a positive effect on communities.</p>

	<p>company engagement programmes, including at BP (ESG score: 27; -11) and Fortum (ESG score: 27; -11).</p> <p>UN SDG: 13 - Climate Action</p>	<p>on AMR and wrote to the G7 finance ministers, in response to their Statement on Actions to Support Antibiotic Development. The letter highlighted investors' views on AMR as a financial stability risk.</p> <p>A member of their team was on the expert committee for the 2021 AMR Benchmark methodology. The benchmark, which was launched in November 2021, evaluates 17 of the world's largest pharmaceutical companies on their progress in the fight against AMR. LGIM participated in a panel discussion on governance and stewardship around AMR.</p> <p>UN SDG 3 - Good Health & Wellbeing</p>	<p>Global credit bureau Experian (ESG score: 69; +9) has an important role to play as a responsible business for the delivery of greater social and financial inclusion</p> <p>UN SDG 8 - Decent work and economic growth</p>
<p>What the investment manager has done</p>	<p>LGIM engaged with BP's senior executives on six occasions in 2021 as they develop their climate transition strategy to ensure alignment with Paris goals.</p>	<p>During 2021, LGIM voted on the issue of AMR. A shareholder proposal was filed at McDonald's (ESG score: 62; +8) seeking a report on antibiotics and public health costs at the company. LGIM supported the proposal as they believe the proposed</p>	<p>LGIM has engaged with the company on several occasions in 2021 and are pleased to see improvements made to its ESG strategy, encompassing new targets, greater reporting disclosure around societal and community investment, and an</p>

		<p>study, with its particular focus on systemic implications, will inform shareholders and other stakeholders on the negative implications of sustained use of antibiotics by the company.</p>	<p>increasing allocation of capital aligned to transforming financial livelihoods.</p>
<p>Outcomes and next steps</p>	<p>Following constructive engagements with the company, LGIM were pleased to learn about the recent strengthening of BP's climate targets, announced in a press release on 8 February 2022, together with the commitment to become a net-zero company by 2050 – an ambition LGIM expect to be shared across the oil and gas sector as they aim to progress towards a low-carbon economy. More broadly, their detailed research on the EU coal phase-out earlier this year reinforced their view that investors should support utility companies in seeking to dispose of difficult-to-close coal operations, but only where the disposal is to socially responsible, well-capitalised buyers, supported and closely</p>	<p>The hard work is just beginning. LGIM continues to believe that without coordinated action today, AMR may be the next global health event and the financial impact could be significant.</p>	<p>The latter includes the roll-out of Experian Boost, where positive data allows the consumer to improve their credit score, and Experian Go, which is hoped to enable access for more people. The company also launched the United for Financial Health project as part of its social innovation fund to help educate and drive action for those most vulnerable.</p>

supervised by the state. In their engagement with multinational energy provider RWE's senior management, for example, LGIM have called for the company to investigate such a transfer. LGIM think transfers like this could make the remaining transition focused companies more investable for many of their funds and for the market more generally.
