

College of Law Pension and Assurance Scheme - Implementation Statement

Statement of Compliance with the College of Law Pension and Assurance Scheme's Stewardship Policy for the year ending 30 June 2024

Introduction

The Trustees have prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and those of the Pensions Regulator's General Code of Practice. It sets out how the Trustees have complied with the College of Law Pension and Assurance Scheme (the "**Scheme**") Stewardship Policy and Statement of Investment Principles during the period from 1 July 2023 to 30 June 2024 (the "**2023/24 Scheme Year**").

Overall, the Trustees are satisfied that:

- The Scheme's investments have been managed in accordance with the Scheme's Stewardship Policy during the period;
- The Scheme's investments have been managed in accordance with the remainder of the Scheme's Statement of Investment Principles; and
- The provisions of the Statement of Investment Principles remain suitable for the Scheme's members.

Statement of Investment Principles

The Statement of Investment Principles sets out the principles and practices the Trustees follow when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustees' approach to responsible investing (including climate change).

No changes were made to the Statement of Investment Principles during the period.

The Trustees review the Scheme's Statement of Investment Principles annually, the last of which was completed on 9 October 2024.

The Trustees have prepared this Implementation Statement on the basis of the Statement of Investment Principles in force throughout the period, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

The Scheme's Statement of Investment Principles can be consulted online at <https://www.isio.com/scheme-documents/college-of-law-pension-and-assurance-scheme/>

Investments governance

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustees have overall responsibility for how the Scheme's investments are governed and managed, in accordance with the Scheme's Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustees have set objectives for the Scheme's investment adviser designed to align with the Trustees' own objectives and investment strategy as set out in the Statement of Investment Principles.

The suitability of these objectives was last reviewed by the Trustees in Q4 2023 and is scheduled for review no later than Q4 2024.

The Trustees have carried out an evidence-based review of the investment adviser's performance against these objectives. The Trustees are satisfied that the objectives have been achieved for the year.

The investment risks associated with the Scheme are outlined on page 4 of the Statement of Investment Principles, which also details the expected return.

The Trustees' views on the expected levels of investment risk and return inform decisions on the strategic asset allocation (i.e., what type of assets and areas of the world the Scheme invests in over the longer term), and the style of management adopted by the Scheme.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out the Trustees' approach to;

- the exercise of any rights attached to Scheme assets (including any voting rights); and
- undertaking engagement activity, including how the Trustees monitor and engage with its investment managers and any other stakeholders.

The Trustees review the Scheme's Stewardship Policy as part of their annual reviews of the Scheme's Statement of Investment Principles (SIP).

As the Trustees currently invest Scheme assets in pooled funds, the Trustees do not engage directly with debt or equity issuers and are not able to direct how any votes are exercised. In addition, the Trustees have not used any proxy voting services over the 2023/24 Scheme Year. Any voting and engagement activities in respect of the underlying assets of the Scheme's investments are undertaken by the Scheme's investment managers. The Trustees believe it is important that their 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 the relevant company's financial performance, as appropriate.

The Trustees' own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet periodically with their investment managers, who give presentations to the Trustees. This enables the Trustees to further understand and consider managers' exercise of their own stewardship policies. The Trustees also consider manager performance at quarterly trustee meetings, at which they receive an overview report from their investment advisers. The Trustees review those reports, which contain responsible investment ratings and investment strategy ratings by their investment advisers in relation to the Scheme's existing managers and funds. Those manager ratings are based on ongoing market research and reviews by the Trustees' investment advisers. Those reports are also designed to raise any red flags for any managers of concern. The Trustees were satisfied with the results of their investment advisers' reviews during the 2023/24 Scheme Year and noted that no red flags were reported.

The Trustees separately consider any conflicts of interest arising in the management of the Scheme and its investments. The Scheme's investment managers are required to disclose any potential or actual conflict of interest to the Trustees. No such conflicts were reported to the Trustees during the 2023/24 Scheme year.

Extent of Stewardship Policy compliance

The Trustees monitor their compliance with the Scheme's Stewardship Policy on a periodic basis and are satisfied that they have complied fully with the Scheme's Stewardship Policy during the 2023/24 Scheme year.

Voting activity

The investment managers may have voting rights in respect of the underlying assets of the pooled funds in which the Trustees have invested, depending on the nature of those underlying assets from time to time. The Trustees expect the Scheme's investment managers to exercise any voting rights attached to individual investments in accordance with their own house policy, with the objective of preserving and enhancing long term value for investors.

Given that the Scheme does not currently invest in any equity holdings, no voting rights are currently exercised by the Trustees or by their investment managers in relation to any equity holdings of the Scheme.

Whilst the Scheme has a small exposure to preferred stock through the investment into private debt facilitated through Partners Group, the preferred stock holds no voting rights and the Trustees have therefore excluded it from their analysis of any voting activity.

No voting rights are attached to any of the Scheme's other underlying assets held on behalf of the Trustees, so there is no voting behaviour or activity by the managers on which to report.

Engagement activity

The Trustees hold meetings with their investment managers on a periodic basis where various stewardship issues are discussed in detail.

The following table summarises the key engagement activities by the Scheme's three investment managers, during the 2023/24 Scheme Year. Each manager has provided selected case studies which are representative of their engagement activity over the year.

Management engagement activity provided by Partners Group and Insight relates specifically to that of the mandates which the Scheme is invested in - Partners Group Private Markets Credit Strategies 2 S.A. - Compartment Multi Asset Credit 2017 (IV) GBP and Insight High Grade ABS fund respectively.

Management engagement activity provided by LGIM, relates to engagement activity on a firmwide level, and examples of how ESG is being considered for funds that have voting rights.

The case studies detailed for LGIM are for general information about the manager only. As outlined in the Scheme's Report and Accounts to 30 June 2024, holdings with LGIM accounted for approximately 94% (excluding Insurance policies).

Manager	Number of engagements	Topics engaged on	Case Studies
Partners Group: Private Markets Credit Strategies	20	Exit.	Independent Vetcare <ul style="list-style-type: none">Engagement topic: Realisation of second lien investmentOutcome: In February 2024, the Program received proceeds from the full repayment of its second lien debt investment in Independent Vetcare, a leading veterinary platform based in the UK. The full realisation generated a gIRR of 7.3% and a gTVPI of 1.24x.
			Galls <ul style="list-style-type: none">Engagement topic: Realisation of first lien debt financing

			<ul style="list-style-type: none"> Outcome: In March 2024, Partners Group's first lien debt investment in Galls, a distributor of police and public safety equipment in the US, was fully repaid. The full realisation generated a gIRR of 10.0% and a gTVPI of 1.56x.
			Galderma <ul style="list-style-type: none"> Engagement topic: Realisation of second lien investment Outcome: The Program received proceeds from the full repayment of its second lien debt investment in Galderma, a global dermatology company. The full realisation generated a gIRR of 9.5% and a gTVPI of 1.41x.
LGIM	5003 firmwide	Climate, deforestation, remuneration, diversity, strategy, board composition, income equality and company disclosure.	Rolls Royce <ul style="list-style-type: none"> Engagement topic: LGIM engaged with Rolls Royce on financial challenges, labour relations, and climate strategy following the appointment of a new CEO in early 2023. Outcome: LGIM held discussions with the CEO and board chair to address structural changes and climate strategy. The strategic review announced in November 2023 was well received by the market, striking a balance between necessary reforms and Rolls Royce's role in the carbon transition. LGIM will continue engaging to ensure the effective implementation of the review and progress toward climate goals. Volkswagen <ul style="list-style-type: none"> Engagement topic: LGIM engaged with Volkswagen regarding forced labour allegations tied to its Xinjiang operations, which prompted MSCI to issue a red controversy flag in 2022. Outcome: After multiple discussions with senior management, Volkswagen commissioned an independent audit of its Xinjiang plant, leading to the removal of the red flag. LGIM will continue engaging with Volkswagen on human rights and governance issues, while maintaining voting rights in line with their policies. Nestlé <ul style="list-style-type: none"> Engagement topic: LGIM engaged with Nestlé, through ShareAction's Healthy Markets Initiative, to push for greater transparency in

			<p>its nutrition strategy and to increase sales of healthier products.</p> <ul style="list-style-type: none"> • Outcome: Nestlé committed to using the Health Star Rating system for reporting but set a nutrition target that LGIM found insufficient. In early 2024, LGIM co-filed a shareholder resolution urging Nestlé to improve its targets for healthier product sales. LGIM will continue to monitor Nestlé's progress.
Insight High Grade ABS Fund	20-30	ESG issues	<p>Polus</p> <ul style="list-style-type: none"> • Engagement topic: Strengthening ESG framework within the CLO structure. • Outcome: Engagement began in Q4 2023 after Polus's CLO scored in the bottom 10% for ESG. Following discussions, Polus agreed to amend the deal terms, introducing formal ESG Conduct Based Exclusions. The changes improved their ESG ranking to the top quartile under Insight's methodology, aligning with key UN and OECD principles.
			<p>Columbus Capital</p> <ul style="list-style-type: none"> • Engagement topic: Discussion on green bond framework and green lending developments. • Outcome: Discussed green building eligibility criteria and partnership with NDIS. Columbus plans to include green mortgages in their bond programme, with Insight recommending performance reporting. Engagement will continue as their green loan pool grows to support future deals.
			<p>Angle Auto</p> <ul style="list-style-type: none"> • Engagement topic: Improving carbon reporting and exploring EV initiatives. • Outcome: Discussed the need for better carbon metrics and measuring emissions to support reduction efforts. Angle Auto was receptive, and Insight will continue engaging to improve disclosures and explore incentives for greener vehicle models through EV initiatives.

Review of policies

The Trustees and their investment advisers remain satisfied that the responsible investment policies of the Scheme's investment managers and, where appropriate, those investment managers' voting policies remain suitable for the Scheme and are consistent with the Scheme's Statement of Investment Principles.