

SAS Pension Plan Implementation Statement

Year Ending 31 December 2022

Glossary

ESG	Environmental, Social and Governance
Scheme	SAS Pension Plan
Scheme Year	1 January 2022 to 31 December 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme's investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to listed equities. Where listed equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to listed equities:

- Ninety One Global Multi Asset Sustainable Growth Fund
- Invesco Global Targeted Returns Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.

If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 December 2021.

- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 December 2022 has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
Invesco	75,000	87%	12%	1%
Ninety One	11,000	92%	7%	1%

Notes

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2022 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Invesco	ISS, Glass Lewis and IVIS	Proxy advisers provide information but voting is determined by Invesco
Ninety One	ISS	Research and vote execution provided by ISS but voting decisions always taken by the investment manager's Stewardship team

The Investment Managers' Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”);
- the votes they cast in the year to 31 December 2022 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by First Actuarial, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply “waved through”. In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Analysis of Voting Behaviour

Invesco

Although Invesco has a house view when it comes to voting, individual fund managers do not necessarily vote consistently as each is given discretion to vote as they see fit on their own portfolio. Arguably, this might dilute the influence that Invesco can have on companies but the fact that there are some split votes in the data suggests that Invesco's fund managers are giving votes sufficient consideration and that they feel able to deviate from a standard approach.

Invesco has generally supported shareholder proposals relating to ESG issues. First Actuarial is pushing Invesco to publish voting rationale as the investment manager's failure to do so makes it difficult to assess their stance on matters such as climate change.

The Trustees have no material concerns regarding Invesco's voting record.

Ninety One

Ninety One have an area of their website displaying voting rationale, but this only includes information provided by ISS. Where Ninety One has needed to make voting decisions, they have not provided the voting rationale. As such, First Actuarial have reduced their rating of Ninety One in respect of online disclosure.

The Trustees have identified some areas where Ninety One's voting record might be open to criticism. This includes voting in support of contested executive pay proposals and opposing shareholder proposals designed to address ESG issues. First Actuarial have asked Ninety One for an explanation of their votes on these proposals and await their response.

The Trustees' Investment Advisers provide regular feedback to the Scheme's investment managers where online voting disclosure is lacking or where an investment manager's voting behaviour differs materially from their peers.

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of all managers in this category.

The Trustees will keep the voting actions of the investment managers under review.

A H Gammon 29 February 2024

Signed on behalf of the Trustees of the SAS Pension Plan

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	Invesco	NinetyOne
Audit & Reporting						
VERTEX PHARMACEUTICALS INCORPORATED	18/05/2022	Appoint the Auditors	77	23	For	Not held
PARTNERS GROUP AG	25/05/2022	Appoint the Auditors	84	16	For	For
GEBERIT AG	13/04/2022	Appoint the Auditors	61	15	For	Not held
SWISS LIFE HOLDING	22/04/2022	Appoint the Auditors	85	14	For	Not held
DEUTSCHE TELEKOM	07/04/2022	Ratify Deloitte GmbH as Auditors for Fiscal Year 2022 and for the Review of the	86	14	For	Not held
Shareholder Capital & Rights						
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against	Not held
PLUS500 LTD	03/05/2022	Approve Additional Allotment of Shares to Jacob Frenkel	74	26	For	Not held
UNIVERSAL MUSIC GROUP N.V.	12/05/2022	Issuance of Shares for Long-Term Incentive Plan	78	21	For/Against	For
EASYJET PLC	10/02/2022	Issue Shares with Pre-emption Rights	79	21	For	Not held
DASSAULT SYSTEMES SE	19/05/2022	Authorize Capital Increase of Up to EUR 10 Million in Connection with Contribution	79	21	Against	Not held
Pay & Remuneration						
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	For/Against	Not held
THE TJX COMPANIES INC.	07/06/2022	Advisory Vote on Executive Compensation	48	49	For/Against	Not held
ORANGE S.A	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	For/Against	Not held
SYMRISE AG	03/05/2022	Approve the Remuneration Report	53	47	Against	Not held
STELLANTIS N.V.	13/04/2022	Approve the Remuneration Report	43	47	Against	Not held
Constitution of Company, Board & Advisers						
TE CONNECTIVITY LTD	09/03/2022	Amend Article 5	50	50	Against	Against
INTEL CORPORATION	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	For	Not held
LEGRAND SA	25/05/2022	Elect Edward A. Gilhuly - Non-Executive Director	57	43	Against	Not held
DELTA AIR LINES INC	16/06/2022	Elect Leslie D. Hale - Non-Executive Director	58	42	For	Not held
CSX CORPORATION	04/05/2022	Elect John J. Zillmer - Chair (Non Executive)	61	38	For	Not held
Merger, Acquisition, Sales & Finance						
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against	Not held
BASF SE	29/04/2022	Approve Issuance of Convertible Bonds and Bonds without Preemptive Rights and	87	9	For	Not held
ALLIANZ SE	04/05/2022	Issue Bonds	91	9	For	Not held
DEUTSCHE POST AG	06/05/2022	Issue Bonds	92	8	For	Not held
FRESENIUS SE	13/05/2022	Approve Issuance of Warrants/Bonds	95	5	For	Not held
Climate Related Resolutions						
GLENCORE PLC	28/04/2022	Climate Progress Report	76	24	For/Against	Not held
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For	Not held
Barclays Plc	04/05/2022	Approve Barclays' Climate Strategy, Targets and Progress 2022	80	19	For	Not held
STANDARD CHARTERED PLC	04/05/2022	Approve Net Zero Pathway	83	17	For	Not held
RIO TINTO PLC	08/04/2022	Say on Climate	82	15	Against	Not held
Other Company Resolutions						
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against	Against
EASYJET PLC	10/02/2022	Approve Political Donations	78	19	For	Not held
ANGLO AMERICAN PLC	19/04/2022	Meeting Notification-related Proposal	87	12	For	Not held
SERCO GROUP PLC	28/04/2022	Approve Political Donations	88	12	For	Not held
MONDI PLC	05/05/2022	Meeting Notification-related Proposal	88	12	For	Not held
Governance & Other Shareholder Resolutions						
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	Against	Not held
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For/Against	Not held
INTERCONTINENTAL EXCHANGE, INC.	13/05/2022	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	49	50	Not held	Against
APPLE INC	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	For	Not held
TESLA INC	04/08/2022	Shareholder Resolution: Adopt Proxy Access Right	51	48	For	Not held
Environmental & Socially Focussed Shareholder Resolutions						
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For	Not held
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For	Not held
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	For	Not held
WASTE MANAGEMENT INC	10/05/2022	Shareholder Resolution: Report on Civil Rights Audit	54	45	Not held	For
MCDONALD'S CORPORATION	26/05/2022	Shareholder Resolution: Report on Third-Party Civil Rights Audit	55	44	For	Not held

Note: Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote .
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees is satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees' have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.