

# Canada Life UK Division Staff Pension Fund Implementation Statement for the year ending 31 December 2024

**Statement of Compliance with the Trustee of the Canada Life UK Division Staff Pension Fund  
Stewardship Policy for the year ending 31 December 2024**

## Introduction

Canada Life UK Staff Pension Trustee Limited, in its capacity as Trustee of the Canada Life UK Division Staff Pension Fund (the “Fund”), has 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 with those of the Pensions Regulator’s General Code of Practice. It sets out how the Trustee has complied with the Stewardship Policy contained in its Statement of Investment Principles (“SIP”) during the period 1 January 2024 to 31 December 2024.

Overall, the Trustee is satisfied that:

- The Fund’s investments have been managed in accordance with the Stewardship Policy during the period;
- The Fund’s investments have been managed in accordance with the remainder of the SIP; and
- The provisions of the SIP remain suitable for the Fund’s members.

## Statement of Investment Principles

The SIP sets out the principles and practices the Trustee follows when governing the Fund’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 Trustee’s approach to responsible investing (including climate change).

The Trustee reviewed and updated the SIP during the period, making the following changes:

- The name of the Principal Employer was changed to CLFIS (U.K.) Limited from Canada Life Limited (“CLL”).
- Inclusion of Other Risks including political risk and geographic risk under the Investment Risk Measurement and Management section.
- The target strategic asset allocation in the matching assets portfolio was adjusted.

During the period, the Trustee also requested additional updates to be made to the SIP which is currently being finalised. These include an update to reflect the change in custodian from RBC Investor and Treasury Services to Northern Trust and an introduction of an Investment Policy Implementation Document (the “IPID”) which covers details of the underlying assets.

The SIP is next scheduled for review no later than March 2027, or following a significant change to the investment strategy.

The Trustee has prepared this Implementation Statement on the basis of the SIP in force throughout the period, with reporting within this document in line with the SIP applicable at the relevant time.

The Fund’s SIP can be consulted online at [Statement of Investment Principles | Canada Life](#).

## Investment governance

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

The Trustee has overall responsibility for how the Fund's investments are governed and managed, in accordance with the Fund's Trust Deed and Rules, as well as trust law, pensions law and pension regulations.

The Trustee has set objectives for the Fund's Investment Consultant (Hymans Robertson LLP) designed to align with the Trustee's own objectives and investment strategy as set out in the SIP.

The Trustee has undertaken training during the last year to ensure that its knowledge of investment matters remains up to date.

Date	Topic	Aim	Trainer
<b>15 February 2024 Meeting</b>	Cyber security	This session reminded the Trustee of cyber security and its relevance to protecting Fund data and ensuring the Trustee's adherence to current data protection legislation.	Eversheds
	General Code	The Trustee received an overview of the final General Code (which sets out in detail what The Pensions Regulator expects from a scheme that is required to maintain an effective system of governance) and its requirements, with reference to a high level 'gap analysis' for the Fund.	Hymans Robertson LLP
<b>11 March 2024 Strategy Day</b>	Setting long-term strategy	The Trustee reviewed the factors to consider when setting the Fund's long-term objectives and strategy, looking in particular at risk-transfer vs. run-off.	Hymans Robertson LLP
<b>22 May 2024 Meeting</b>	Training on the hedging strategy	This session provided information on the hedging strategy	Hymans Robertson LLP

		<p>adopted by the Trustee. This covered the basic principles, some of the associated risks, and observations made through the market volatility in October 2022.</p>	
<p><b>11 September 2024 Meeting</b></p>	<p>Updates to UK DB pensions legislation</p>	<p>The Trustee received an update on changes to the UK DB pensions regulatory environment. This includes the DB funding code (published July 2024 and effective for valuations from September 2024) and progress on other consultations.</p>	<p>Hymans Robertson LLP</p>

## Stewardship Policy

The Stewardship Policy sets out how the Trustee will behave as an active owner of the Fund's assets, which includes the Trustee's approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its Investment Manager and any other stakeholders.

The Stewardship Policy is reviewed in line with the Fund's SIP.

The Trustee monitors its compliance with the Stewardship Policy on a periodic basis and is satisfied that it has complied with the Fund's Stewardship Policy over the last scheme year.

## Voting activity

The Fund's assets are held in a policy issued by CLL and managed by Canada Life Asset Management Limited ("CLAM")<sup>1</sup>, in line with the Fund's strategic asset allocation. The Trustee has access to the relevant portfolio managers appointed by CLAM across a range of asset classes.

Sustainability and stewardship considerations form a part of CLAM's holistic investment decision-making process. This process involves balancing financially material sustainability factors and financial factors and takes both current and future needs into account.

As such, CLAM exercises its voting rights and utilises engagement – where relevant and appropriate - to promote business models necessary to sustaining value over the long term.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to CLAM. The Trustee believes it is important that, as the Fund's Investment Manager, CLAM takes an active role in the supervision of the companies in which it invests, both by voting at shareholder meetings and engaging with management on issues which can make a difference to either the attractiveness of the investments or their associated risks.

The CLAM Voting Policy provides direction in determining the circumstances in which it may be appropriate to vote against management (deemed to be significant votes), setting out preferences in matters such as board remuneration, board structure, and shareholder-promoted votes relating to financially material sustainability issues.

CLAM reviews its Engagement Policy on a periodic basis, including in the financial year under review, to reflect its approach and tools. It considers the insights delivered by external third-party providers, including Sustainalytics and the proxy advice services of Institutional Shareholder Services.

More about CLAM's approach to voting can be found in its Voting Policy and Stewardship Report, both of which are available on its website: <https://www.canadalifeassetmanagement.co.uk/responsible-investing/policies-reports/>.

During the period, CLAM has reported on how votes were cast in respect of the relevant investments in which the funds are invested as set out below:

### Footnote:

<sup>1</sup> Canada Life Asset Management is the brand for investment management activities undertaken by Canada Life

Asset Management Limited, Canada Life Limited and Canada Life European Real Estate Limited.

	UK Equity Fund	Global Equity Fund
Proportion of Fund assets	4.1%	9.3%
No. of meetings eligible to vote at during the year	54	93
No. of resolutions eligible to vote on during the year	1,047	1,574
% of resolutions voted	100%	98%
% of resolutions voted with management	100%	87%
% of resolutions voted against management	0%	13%
% of resolutions abstained	0%	0.2%
% of meetings with at least one vote against management	0%	52%

CLAM publicly publishes summaries of the number of meetings at which it voted, resolutions and votes for/against/unvoted and provides the reason for votes against management on a given date. Voting information can be found at: [VDS Dashboard \(issgovernance.com\)](https://issgovernance.com).

CLAM has reported on the most significant votes cast within the portfolio it manages in which the Trustee has Funds invested. CLAM was asked to explain the reasons why votes were significant, the size of the position in the portfolio, how it voted, any engagement undertaken with the company, and the outcome of the vote. From the manager reports, the following stewardship activities have been identified as being relevant to the Fund:

**Reactive selection - Equities engagement case study on environmental risks associated with mine tailings disposal**

**The issue:** This case study relates to a US-listed mining company held in CLAM's funds, with strengths in mining for copper and gold.

This company the subject of this case study has exposure to markets CLAM perceives as having growth potential, and CLAM believes that it was favourably valued at acquisition. However, the holding was identified as being the subject of a high controversy rating by Sustainalytics. This means that the identified event could have a high impact on the environment and society, which in turn poses risks to the company itself. These risks related to one of its mines located in Indonesia. Such a rating is of concern to CLAM as an investor because, where substantiated, it may point to a company that is less resilient than its financial reporting suggests, thereby weakening the investment case. Unmanaged controversies may, over the long term, lead to adverse human and environmental impacts, sanctions from governmental bodies, litigation, and adverse publicity.

The focus of this rating was on the high volume of mining waste or 'tailings' disposed of in local watercourses, along with concerns around human health in local communities surrounding the mine.

**Activity:** The relevant portfolio manager and CLAM's Senior Research and Strategy Manager engaged with the company on these issues, selecting a video conference with the investor relations team as the

best method to obtain the required information.

- **Tailings disposal:** The company's position was that given the geographic location of the mine, there are no practicable alternatives to riverine disposal of tailings, with other alternatives having material downsides associated with them. The company sets high standards in tailings disposal, including discharging into a designated area which is managed by a significant number of levees to contain the tailings, provide flood protection, and manage sediment. They also monitor and regulate the acidity of the water.
- **Public health:** The company also provided CLAM with details of a multi-year, third party, human health assessment of the mine's activities on the local population. The report (commissioned by the company) did not evidence any impact on human health resulting from the mine's activities, beyond a small risk of lead exposure associated with the frequent consumption of a clam species in large amounts. The company has, as a result, instigated education initiatives in the local population regarding this risk. In addition, the company has committed to co-operating with the local health authority to tackle local health issues, addressing issues such as malaria, clean water, maternal health, and malnutrition prevention initiatives.

**Outcome:** CLAM's engagement with the company gave them reassurance that it had identified relevant potential risks and impacts, and that it was taking proportionate steps, through actions such as commissioning independent reports and acting on recommendations, to tackle the potential environmental and public health impacts of the mine. CLAM's current investment view as at 31 December 2024 is that of 'hold'. This case study displays how engagement can be a useful research input and inform CLAM's view of the risks and opportunities associated with investments.

#### **Collaborative engagement case study – Vattenfall**

**The issue:** Vattenfall is a state-owned utility company in Sweden that has ambitious targets to become fossil-fuel-free by 2040. Its government ownership and leading position in the Swedish utilities market creates a positive investment case and strong credit rating. Using CLAM's internal climate risk assessment, CLAM sees it as a leader in its sector – a view verified by the exploratory bottom-up climate modelling CLAM carried out on the power generation sector in 2023.

Notwithstanding this, it's still a carbon-intensive holding and, relatively, a material contributor to the emissions generated in the portfolio. As a result, during 2023, the company was selected for engagement through CLAM's engagement and prioritisation framework, under the climate thematic workstream.

**Activity:** During 2024, another virtual meeting was arranged with the investor relations team to build on the engagement CLAM reported on last year. Subsequently, to provide further details, a series of emails also followed.

Mirroring the engagement in 2023, the conversation extended to: (i) again, a focus on Vattenfall's near-term targets and how its net zero goal would be achieved by 2040; (ii) fossil fuel phase out plans, particularly within their own generation activities and increasing the share of fossil fuel-free electricity sales; and (iii) customer education and partnerships. Vattenfall and CLAM further discussed the issuer's reduction levers and plans on achieving near-term goals, including the phase out of fossil fuels and customer partnerships.

**Outcome:** Overall, the engagement proved to be another useful dialogue with the company, providing a broad overview on their strategy, including more detail on their plans to reduce scope 3 emissions and their sustainable procurement strategy.

### **Selected voting activity – US based tech firms – Social issue**

**The issue:** During 2024, there was a notable increase in shareholder resolutions being tabled at companies in relation to safeguards around the use of artificial intelligence (AI) and generative artificial intelligence (gAI). These covered a range of issues including (i) steps technology companies are taking to mitigate the risks to vulnerable customers (particularly children) of their activities including advertising and use of algorithms to deliver content, (ii) apply adequate controls and processes around misinformation and disinformation, and (iii) to source data to build generative AI models responsibly to avoid risks to privacy of customers and copyright in respect of underlying material used to train models.

Typically, the shareholders putting forward the proposals were seeking reports to be prepared at a reasonable cost and not seeking disclosure of proprietary information which could cause competitive harm or disclosure of information that might create legal risks.

In accordance with the guidance with CLAM's voting policy, CLAM looks carefully at shareholder resolutions seeking to improve reporting of sustainability risks and enhance the protection and relationship of the company with customers, regulators and other stakeholders, where in the interests of long-term investors.

CLAM believes effective relations with customers and regulators may promote business models that sustain value over the long term and controversies associated with failing to meet the expectations of these stakeholders can erode value. This new and emerging area potentially increases the relevant company's exposure to reputational risks, litigation and regulatory risk, so a clearly articulated approach is useful to frame the discussion with regulators and reduce litigation risk arising from a lack of transparency about how AI is being used and developed in the affected businesses. CLAM relies on disclosure from the companies that it invests in to identify, assess, and manage the risks and opportunities associated with those investments in order to preserve long-term value for its clients, shareholders, and other stakeholders. Through transparent disclosure, CLAM is then able to identify more precisely good practice and monitor risks. This is the lens CLAM uses to determine where to vote against management and where not to.

**Activity:** During 2024, when CLAM considered existing disclosure to be sufficient to evaluate the risks, CLAM voted against shareholder resolutions and with management. Conversely, where CLAM considers that greater disclosure would improve its understanding of the risks, it voted against management. This is an evolving area, where regulators, laws and company policies are struggling to keep pace with the issues. It therefore presents significant reputable and legal risk to the companies involved. Better reporting may lead to improved practice (to the extent there are issues that require further mitigation) or support management's view (to the extent there are no issues). Either way, CLAM views these as potential ways to preserve value for its clients.

**Outcome:** Over the year, some of these shareholder resolutions garnered significant support. CLAM hopes that it can encourage companies to tackle financially material sustainability issues and disclose around these important evolving topics in order to preserve shareholder value.

## Engagement activity

The Trustee meets with the Investment Manager on a bi-annual basis where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee has met CLAM twice. The Trustee has discussed the following issues over the course of the year.

Date	Subject discussed	Outcome
22 May 2024	Performance overview of the investment portfolio, update on the property fund distribution and an update on the new custodian.	The Trustee was satisfied that the Fund complied with the Trustee's investment strategy.
4 December 2024	Performance overview of the investment portfolio, update on the property fund distribution and how CLAM considers financially material sustainability-related factors in its investment process as a feature in, but not overriding, the core investment objective.	The Trustee was satisfied that the Fund complied with the Trustee's investment strategy.

The Trustee received reporting on CLAM's engagement activity.

The main methods of engagement were investment manager attendance at Trustee meetings.

## Summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the Stewardship Policy was implemented effectively in practice.

The Trustee notes that the Investment Manager was able to disclose evidence of voting and engagement activity at a firm level.

The Trustee, along with its Investment Consultant, has developed a separate Responsible Investment Policy which covers all aspects of Responsible Investment including stewardship. This policy goes into greater detail than the Stewardship Policy in the SIP.

The Trustee acknowledges that stewardship may be less applicable to certain asset classes and were encouraged that, across asset classes, portfolio managers were incorporating responsible investment considerations in their investment processes.

The Trustee and its Investment Consultant remain satisfied that the responsible investment policies of the Investment Manager and, where appropriate, its voting policies remain suitable for the Fund.

Prepared by:

Trustee of the Canada Life UK Division Staff Pension Fund

July 2025