



G4S Pension Scheme

Implementation Statement



An ALLIED UNIVERSAL Company

Contents

Introduction.....	3
Part A	3
Executive summary	3
1. Our Stewardship Policy	4
1.1. What is Stewardship?	4
1.2. What is our Stewardship Policy?	4
1.3. How have we implemented our Stewardship Policy?	4
2. Voting Activity	7
2.1. How did our managers vote?	7
2.2. Use of proxy voting services	9
2.3. Examples of significant votes	10
3. Engagement Activity	12
Part B – Aviva DC Assets	16
How did our managers vote?	17
Use of proxy voting services	18
Examples of significant votes	18

Introduction

This implementation statement (“Statement”) is produced alongside the Trustee Report and Accounts and is required by pensions regulations¹. G4S Trustees Limited (the “Trustee”, “we” or “our”) has prepared this Statement to provide stakeholders with a transparent and accurate review of how it has acted in line with the stewardship and engagement policies set out in the Statement of Investment Principles (the “SIP”) for the G4S Pension Scheme (the “Scheme”) during the accounting year. The Statement covers the Scheme’s three sections; the Securicor Section, the Group 4 Section and the GSL Section and the Defined Contribution Account. Part A of this Statement covers the three Section’s whilst Part B covers the Defined Contribution Account.

This Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies (“Stewardship Policy”) during the year; and
- Specifically, how the Scheme’s investment managers voted and engaged on our behalf.

This statement has been prepared by the Trustee to cover the period 5 April 2021 to 5 April 2022

The Statement is publicly available at <https://www.g4s.com/g4sps>

Part A

Executive summary

The day to day management of the Scheme’s assets is delegated to Cardano Risk Management Limited (the “Fiduciary Manager”). In advance of the appointment, the Trustee took steps to ensure that the management of the Scheme’s assets and the Fiduciary Manager’s policies were aligned with the Trustee’s own policies. The Trustee continues to monitor the Fiduciary Manager, as part of its regular interactions with them.

We monitor the voting and engagement activity of the Scheme’s investment managers, and, through the Fiduciary Manager, challenge their decisions.

The Trustee focuses its efforts on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that our Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers, and we receive a summary of the Fiduciary Manager’s overall assessments once a quarter.

¹ The Occupational Pension Scheme (Investment and Disclosure) (Agreement) 2019

1. Our Stewardship Policy

1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

1.2. What is our Stewardship Policy?

The Stewardship Policy in force during the financial year was:

“The Trustee’s policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Scheme’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.”

1.3. How have we implemented our Stewardship Policy?

Fund structuring

The Trustee holds investments primarily on an indirect basis through pooled funds, but also holds some assets such as government bonds directly. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, which in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing our overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers our Fiduciary Manager appoints act consistently with the Scheme’s Stewardship Policy.



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External engagements

The Trustee assesses that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations noted below.



Engagement beliefs

The development of engagement beliefs is an important Trustee responsibility. We have delegated the day-to-day implementation of our beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with our own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows.

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+



Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Fiduciary Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engaging with our investment managers to help them improve their stewardship approach.

The Fiduciary Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. We categorise our managers according to how material voting and engagement is in their mandate. The Trustee focuses its efforts on any managers where voting and engagement is material.

The Fund invests in a series of Private Market investments. Most of these strategies own controlling stakes in the underlying businesses, meaning that stewardship and engagement is evidenced in a much broader way than, for example, investing in company shares that are listed on a stock market (i.e. public market investments).

One important way for a Private Markets investment manager to add value is to ensure that each business has the best corporate governance possible – dictating and controlling the policies and make up of senior leadership (versus voting at shareholder meetings). Engagement is, therefore, highly relevant in some cases and we include some examples in the relevant section of this report.

Compliance statement

To the best of our knowledge, the Trustee has complied with the Stewardship Policy over the year.

2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Scheme and given the use of pooled funds, there is limited scope for the Trustee to directly influence voting. Voting is carried out by the investment managers on behalf of the Trustee.

2.1. How did our managers vote?

The tables below provide a summary of the voting activity undertaken by our managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Scheme invests with, directly or indirectly, are subject to the Scheme's engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

Amia Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	9
Number of resolutions the manager was eligible to vote on over the year	109
% of eligible resolutions the manager voted on	95%
% of votes with management	100%
% of votes against management	0%
% of resolutions the manager abstained from	0%



Dorsal Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	22
Number of resolutions the manager was eligible to vote on over the year	277
% of eligible resolutions the manager voted on	100%
% of votes with management	100%
% of votes against management	0%
% of resolutions the manager abstained from	0%

Egerton Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	39
Number of resolutions the manager was eligible to vote on over the year	513
% of eligible resolutions the manager voted on	94%
% of votes with management	97%
% of votes against management	0%
% of resolutions the manager abstained from	3%

iShares FTSE 100

	Manager response
Number of meetings the manager was eligible to vote at over the year	123
Number of resolutions the manager was eligible to vote on over the year	2,238
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	5%
% of resolutions the manager abstained from	0%

Polar Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	54
Number of resolutions the manager was eligible to vote on over the year	538
% of eligible resolutions the manager voted on	99%
% of votes with management	95%
% of votes against management	5%
% of resolutions the manager abstained from	0%

Sunriver

	Manager response
Number of meetings the manager was eligible to vote at over the year	16
Number of resolutions the manager was eligible to vote on over the year	155
% of eligible resolutions the manager voted on	92%
% of votes with management	90%
% of votes against management	5%
% of resolutions the manager abstained from	5%

2.2. Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.



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We recognise that by having a suitable Stewardship Policy in place and using our Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
Amia Capital	Broadridge Proxy Edge
Dorsal Capital	N/A
Egerton Capital	Broadridge Proxy Edge
iShares FTSE 100	Institutional Shareholder Services (ISS)
Polar Capital	ISS
Sunriver	ISS

2.3. Examples of significant votes

When collating voting statistics for our managers, we also asked our managers to provide examples of significant votes cast. The tables below outline a sample of responses received.

Egerton Capital

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Canadian Pacific	21 st April 2021	A Shareholder proposal for the Board to produce a greenhouse gas emission levels reduction plan and to report annually on the plan	For	The resolution passed

iShares FTSE 100

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
BP Plc	12 May 2021	A Shareholder resolution on Climate Change Targets	For	The manager recognises 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. The resolution failed.



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Polar Capital

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Vertex Pharmaceuticals Inc	19 th April 2021	Shareholders were seeking greater transparency on lobbying payments made for and on behalf of the company; management thought they had provided enough.	For	The manager believes more transparency in this area is always better. The resolution has not yet been resolved as it was withdrawn.



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3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to divestment or exclusions practices, in order create positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

The tables below provide examples of engagement activity of the Scheme’s investment managers where engagement should be a material activity in the management of the assets.

Amia Capital

Key points	Engagement activity
<p>Engagement Theme:</p> <p>Governance - Emerging market debt restructuring</p>	<p>The Manager was a member of the Ad-Hoc Creditor Committee with regard to the Province of Buenos Aires bond restructuring from December 2019. As such, it participated in a number of attempts to agree a consensual debt restructuring for the Province throughout 2020 and part of 2021.</p>
<p>Industry:</p> <p>Sovereign debt</p>	<p>The restructuring was agreed in late-summer 2021, with the Manager voting to approve the proposed restructuring in August 2021.</p>
<p>Outcome:</p> <ul style="list-style-type: none"> • Oversaw the negotiation to restructure of debt to help ensure the sustainability of the region’s debt burden • The Province can maintain access to the international debt markets. 	

Egerton Capital

Key points	Engagement activity
<p>Engagement Theme:</p> <p>Governance</p> <p>Industry:</p> <p>Car Industry</p> <p>Outcome:</p> <ul style="list-style-type: none"> • Improved treatment for a variety of stakeholders, particularly minority shareholders • Greater stakeholder representation with improved voting rights 	<p>The Manager believes its engagement with the Company on governance issues has the ability to improve shareholder returns, as well as treatment of a variety of stakeholders, particularly minority shareholders, which in turn will bring about greater stakeholder representation and enable further positive change going forward.</p> <p>The Manager has frequent one-on-one discussions with the Chairman about governance where they convey a strong preference that minority shareholders should be better represented and receive a vote. The Manager recently proposed that the Company equalise or harmonise its dual share class structure of non-voting preference shares and voting ordinary shares into one share class of voting shares to afford shareholders such as Egerton better representation.</p> <p>In addition to harmonising the share class structure, the Manager has also proposed improving the supervisory board by including more independent directors.</p>

Polar Capital

Key points	Engagement activity
<p>Engagement Theme: Human Capital Development, ESG Reporting and Disclosure</p> <p>Industry: Biotechnology</p> <p>Outcome:</p> <ul style="list-style-type: none"> • Improved alignment between practice and reporting 	<p>While the Company scores well overall on MSCI ESG ratings, particularly on governance and certain social issues (it is notably exemplary in product quality and safety), the Company lacks evidence of policies around human capital development and has experienced challenges on hiring and incentives. The Company is headquartered in Europe but has significant operations in the US where remuneration standards can be quite different.</p> <p>As a significant shareholder, the Manager has provided advice on the company plans but also highlighted the importance of disclosures on ESG to the investor relations team. The Manager is assured that the important aspects of social development are already deeply ingrained in the company culture and expects to see further progress in documentation and filings soon.</p> <p>In addition, the Manager's investment team conduct ongoing ESG due diligence on the investment thesis of the Company, which includes contacting the company directly to understand their commitment to ESG issues. This has led to improved policies and disclosures.</p>



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CI Capital

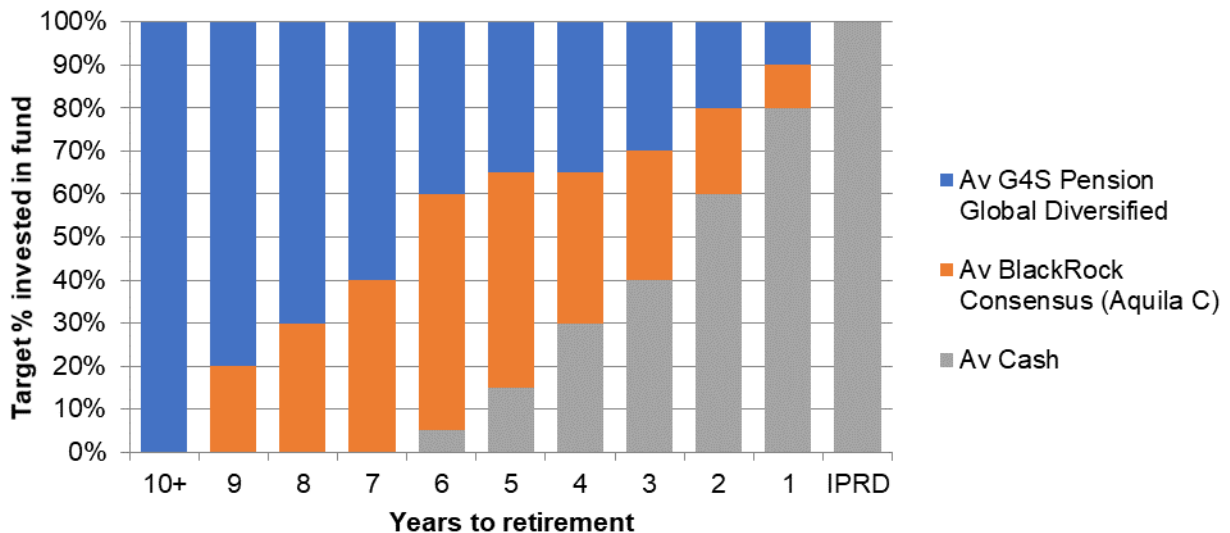
Key points	Engagement activity
<p>Engagement Theme:</p> <p>Social and Governance Factors</p> <p>Industry:</p> <p>Residential Services</p> <p>Outcome:</p> <ul style="list-style-type: none"> • Improved health and safety standards • Improved immigration policy standards • Formalised ethics and compliance policies for charitable contributions • Vehicle electrification, reducing carbon footprint and improving environmental factors 	<p>In conducting ESG due diligence on an investee company, a residential services provider, the Firm identified a number of areas for improvement relating to ESG, which have been included in the Company's value creation plan, including:</p> <ul style="list-style-type: none"> • Worker Health and Safety: Bolstering the Company's safety audit program with annual programmatic audits and requesting subcontractor incident rates prior to engagement to better assess safety performance • Social and Labour Conditions: Revising the Company's engagement survey process to improve response rates for in-the-field crew workers and better documenting the Company's internal immigration compliance program • Ethics and Compliance: Formalising the Company's ethics and compliance policies and reviewing recipients of corporate charitable contributions for ethical/reputational concerns <p>In addition, CI Capital has begun to consider the viability of electrifying the vehicle fleets of its portfolio companies and is using the Company's fleet as a test case to analyse this issue.</p>

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Part B – Aviva DC Assets

The Defined Contribution objective is to provide members with the facility to accumulate additional savings for retirement over and above members' Defined Benefit pension. The Default Strategy is known as the 'Additional Lump Sum Lifetime Investment Programme'. The aim of the default strategy is to grow the capital value of the assets over time balancing risk and return. As a member gets closer to retirement, assets are gradually switched into less volatile holdings, which are also expected to provide lower investment returns.

The progression as the Investment Programme Retirement Date ('IPRD') approaches and funds used are shown below:



The Trustee offers 9 other fund options so that members can tailor their arrangements towards their specific objectives:

How did our managers vote?

BlackRock World ex UK Equity Index Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	2,129
Number of resolutions the manager was eligible to vote on over the year	26,513
% of eligible resolutions the manager voted on	92%
% of votes with management	66%
% of votes against management	32%
% of resolutions the manager abstained from	2%

BlackRock UK Equity Index Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	770
Number of resolutions the manager was eligible to vote on over the year	10,778
% of eligible resolutions the manager voted on	99%
% of votes with management	93%
% of votes against management	6%
% of resolutions the manager abstained from	1%

BlackRock 60/40 Global Equity Index Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	2,687
Number of resolutions the manager was eligible to vote on over the year	34,914
% of eligible resolutions the manager voted on	94%
% of votes with management	74%
% of votes against management	24%
% of resolutions the manager abstained from	2%

BlackRock Emerging Market Equity Index Fund¹

	Manager response
Number of meetings the manager was eligible to vote at over the year	2,526
Number of resolutions the manager was eligible to vote on over the year	21,938
% of eligible resolutions the manager voted on	100%
% of votes with management	89%
% of votes against management	10%
% of resolutions the manager abstained from	3%

Use of proxy voting services

Manager	Use of proxy voting service
BlackRock World ex UK Equity Index Fund	ISS
BlackRock UK Equity Index Fund	ISS
BlackRock 60/40 Global Equity Index Fund	ISS
BlackRock Emerging Market Equity Index Fund	ISS

Examples of significant votes

BlackRock World ex UK Equity Index Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Chevron Corp	26/05/2021	Shareholder resolution to reduce Scope 3 emissions	For	A vote for this proposal was considered warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow us / other investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks

¹ Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.



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BlackRock UK Equity Index Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Royal Dutch Shell Plc	18/05/2021	Company resolution to approve Shell's Energy Transition Strategy	Against	RDS has made substantive progress over the last year in announcing a net zero commitment for operational emissions by 2050. However, its transition strategy remains unconvincing benchmarked to certain peers

BlackRock 60/40 Global Equity Index Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Microsoft Corp	30/11/2021	Report on the Effectiveness of Workplace Sexual Harassment Policies	For	We believe it is important to support this resolution as the company faces potential controversies related to workplace sexual harassment and gender discrimination. This is a risk area for the sector and the company that is key for talent attraction and retention.

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