

# Engagement Policy Implementation Statement (“EPIS”)

## The Calmac Pension Fund (the “Fund”)

Fund Year End – 5 April 2025

The purpose of the EPIS is for us, the Trustees of the Calmac Pension Fund, to explain what we have done during the year ending 5 April 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Fund’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Fund’s material investment managers were able to disclose evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

## How voting and engagement policies have been followed

The Fund is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Fund's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Fund year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Fund's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Fund's investments on a quarterly basis and received updates on important issues from our investment adviser, AIL. In particular, we received quarterly ESG ratings from AIL for the funds the Fund is invested in where available.

Each year, we review the voting and engagement policies of the Fund's investment managers to ensure they align with our own policies for the Fund and help us to achieve them.

The Fund's stewardship policy can be found in the SIP: [Calmac Pension Fund Statement of Investment Principles \(SIP\)](#)

## What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

## Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Fund's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2025 which broadly matches the Fund year.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Harris Associates L.P. - Global All Cap Equity Fund	746	100.0%	1.2%	0.0%
L&G - Developed Balanced Factor Equity Index Fund	11,446	99.8%	20.8%	0.4%
Sands Capital - Global Growth Equity Fund	445	100.0%	2.5%	0.0%

*Source: Investment managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.*

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Fund's investment managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Harris Associates L.P.	Harris uses their own policy that Institutional Shareholder Services ("ISS") implements on their behalf.
L&G	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with our position on ESG, they have put in place a custom voting policy with specific voting instructions.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

*Source: UN PRI*

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

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Sands Capital Management LLC (“Sands Capital”)	Sands votes the proxies themselves, but we consider the recommendations of proxy advisors such as ISS and Glass Lewis in voting decisions.
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*Source: Investment managers*

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's funds. A sample of these significant votes can be found in the appendix.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Fund.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Basalt Infrastructure Partners - II Fund	<i>Not provided</i>	325	Environment* - Climate Change; Natural Resource Use/Impact; Pollution and Waste Social* - Human Capital Management; Human and Labour Rights; Inequality and Conduct; Culture and Ethics Governance* - Board Effectiveness; Diversity; Independence; Remuneration; Shareholder Rights Strategy, Financial & Reporting* - Reporting; Risk Management and Financial Performance
BlackRock - UK Property Fund	<i>Not provided</i>	3,384	Environment* - Climate Risk Management; Other Company Impacts on the Environment Social* - Human Capital Management; Social Risks and Opportunities, Diversity and Inclusion; Indigenous Peoples Rights Governance* - Remuneration; Corporate Strategy; Business Oversight/Risk Management; Board Composition and Effectiveness
CBRE - Long Income Investment Fund	<i>Not provided</i>	<i>Not provided</i>	Environment* - Climate Change

Underlying managers of AIL's Low Risk Bonds Strategy:

Aegon Asset Management ("Aegon") - European Asset Backed Securities ("ABS") Fund	115	422	Environment - Climate Change; Natural Resource Use/Impact; Pollution and Waste Social - Human and Labour Rights; Public Health and Inequality Governance - Board Effectiveness - Diversity; Remuneration and Shareholder Rights Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting) Other - General Disclosure
Ardea Asset Management ("Ardea") - Global Alpha Fund**	40	40	Environment - Climate Change Other - Market Development of Green Government Bonds
Harris Associates L.P. - Global All Cap Equity Fund	~200	~1,200	Environment* - Climate Change Social* - Product Safety
L&G - Developed Balanced Factor Equity Index Fund	682	4,399	Environment - Climate Impact Pledge; Climate Change Social - Human Rights; Gender Diversity Governance - Capital Management; Remuneration Other - Corporate Strategy
M&G Investments ("M&G") - Illiquid Credit Opportunities Fund	3	406	Environment - Climate Change Social - Human Capital Management Governance - Business Oversight/Risk Management

M&G - Inflation Opportunities Fund	<i>Not provided</i>	406	Environment* - Climate Change Social* - Human Capital Management; Human and Labour Rights Governance* - Board Effectiveness - Diversity; Remuneration Other* - Multiple ESG Topics
M&G - UK Long Dated Corporate Bonds Fund	5	406	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management Governance - Remuneration
Meridiam - Infrastructure Fund	12	12	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human Capital Management Strategy, Financial & Reporting - Sustainability Reporting
PFI - Infrastructure Fund	<i>Not provided</i>	1	Environmental - Waste; Biodiversity Governance - Board Effectiveness - Other Strategy, Financial & Reporting - Sustainability Reporting
Sands Capital - Global Growth Equity Fund	116	284	Social - Human Capital Management; Conduct, Culture and Ethics Governance - Board Effectiveness - Independence/Oversight; Remuneration Strategy, Financial & Reporting - Reporting Other - Non-ESG Engagements
Schroders - UK Property Fund	<i>Not provided</i>	4,713	Environment* - Climate Alignment; Climate Risk, Oversight Governance* - Boards and Management; Executive Remuneration Strategy, Financial & Reporting* - Strategy/Purpose

Source: Investment managers. \*Basalt, BlackRock, CBRE, Harris Associates L.P., M&G (for the Inflation Opportunities Fund) and Schroders did not provide fund level themes; themes provided are at a firm-level.

\*\*Ardea's engagement approach is integrated at the firm level. As the engagement activities relevant to the strategy are conducted centrally and no additional strategy-specific engagements occurred during the reporting period, the responses at both the firm and strategy level reflect the same data.

## Data limitations

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on certain asset classes such as [liability driven investments, gilts or cash} because of the limited materiality of stewardship to these asset classes.

Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's investment managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

<b>Harris Associates L.P. - Global All Cap Equity Fund</b>	<b>Company name</b>	Glencore plc
	<b>Date of vote</b>	1 May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.2
	<b>Summary of the resolution</b>	Approve 2024-2026 Climate Action Transition Plan
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	N/A
	<b>Rationale for the voting decision</b>	After engaging with the company and NGOs, we decided to support the 2024-2026 Climate Action Transition Plan and will continue to monitor the situation.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We will continue to monitor the situation, and to conduct and escalate engagement as needed.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Significant exposure to climate risk
<b>L&amp;G - Developed Balanced Factor Equity Index Fund</b>	<b>Company name</b>	JPMorgan Chase & Co.
	<b>Date of vote</b>	21 May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.6
	<b>Summary of the resolution</b>	Resolution 1c: Elect Director Todd A. Combs
	<b>How you voted?</b>	Votes against resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	L&G 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 Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Joint Chair/CEO: A vote against is applied as L&G expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.
	<b>Outcome of the vote</b>	Pass
<b>Sands Capital - Global Growth Equity Fund</b>	<b>Company name</b>	Amazon.com, Inc.
	<b>Date of vote</b>	22 May 2024
	<b>Approximate size of</b>	5.7
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.

**fund's/mandate's holding as at the date of the vote (as % of portfolio)**

<b>Summary of the resolution</b>	Commission a Third Party Audit on Working Conditions
<b>How you voted?</b>	Votes supporting resolution
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	N/A
<b>Rationale for the voting decision</b>	We continue to believe that Amazon would be best served by commissioning this report. That said, we do believe that Amazon is making positive progress in terms of labor practices. Amazon has been widely scrutinized over labor practices. As the second largest employer in the United States, we believe that scrutiny has reached the point where more transparency would be helpful in understanding working conditions. We acknowledge that a safety report is already created by Amazon. The broader issue is that Amazon is capable of suffering reputational risk if these concerns are not addressed thoroughly. We actually believe that offering more transparency could be turned into a competitive advantage.
<b>Outcome of the vote</b>	Fail
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	None
<b>On which criteria have you assessed this vote to be most significant?</b>	The criteria we selected to assess the "significance" of the vote were the dissent level, shareholder proposals we voted FOR, times we voted AGAINST management or ISS, historical votes on similar proposals, and overall relevance to the strategy.

*Source: Investment managers*