

Implementation Statement | Year end 31 March 2023

Softlab Pension Plan

Purpose of this statement

This implementation statement has been produced by the Trustee of the Softlab Pension Plan ("the Plan") and sets out the following information over the year to 31 March 2023:

- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year to 31 March 2023, including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in May 2023 and has been made available online here:

<https://uk.nttdata.com/benefit-pension-schemes>

No changes were made to the stewardship policy over the year.

Following consideration in June 2023, the Trustee decided not to set stewardship priorities for the following reasons:

- Investing exclusively in pooled funds means there is limited scope for the Trustee to influence the voting behaviour of the Plan's manager.
- The Trustee is comfortable with the current stewardship themes of their existing manager and delegates the exercise of voting rights to the Plan's manager.

How voting and engagement policies have been followed

Based on the information provided by the Trustee's investment manager, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's manager.
- Annually the Trustee receives and reviews information on voting and engagement activities from the Plan's asset manager and its investment advisor, which is reviewed to ensure alignment with the Trustee policies on voting and engagement. The Trustee believes that the voting and engagement activities undertaken by the asset manager on their behalf have been in the members' best interests. This exercise was undertaken alongside the production of this statement.

Summary

The funds in which the Plan was invested as at 31 March 2023 are set out in the table below:

Manager	Fund	Asset Class
abrdn	Global Absolute Return Strategies Fund	Multi Asset Fund
	Liability Aware CDI 2029-31 Fund	Corporate Bonds
	Liability Aware CDI 2032-34 Fund	Corporate Bonds
	Liability Aware Nominal Profile Fund	Leveraged Gilts
	Liability Aware Real Profile Fund	Leveraged Gilts
	Deposit and Treasury Fund	Cash

As at 31 March 2023 the Plan's investment manager was abrdn plc ("abrdn"). Abrdn is a signatory to the UK Stewardship Code. The Trustee regularly considers the performance of the funds held with abrdn and any significant developments that arise.

Based on the information received, the Trustee believes that abrdn have acted in accordance with the Plan's stewardship policies. The Trustee is supportive of the key voting action taken by abrdn over the period to encourage positive governance changes in the companies in which the funds hold shares.

The Trustee and its investment advisor continue to work with abrdn to provide information in order to enhance their ability to assess abrdn's actions.

There were no significant departures from the stated principles during the year under review.

**Prepared by the Trustee of the Softlab Pension Plan
July 2023**

Voting Data

This section provides a summary of the voting activity undertaken by the investment manager within the Plan's portfolio on behalf of the Trustee over the year to 31 March 2023.

The abrdn CDI funds, abrdn LDI profile funds and abrdn Deposit and Treasury fund have no voting rights given the nature of these mandates. Therefore, these funds are not included in the table below.

Manager	abrdn
Fund name	abrdn Global Absolute Return Strategies Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	22
No. of eligible votes	283
% of resolutions voted	82.0%
% of resolutions abstained	0.0%
% of resolutions voted with management¹	82.3%
% of resolutions voted against management¹	17.7%
Proxy voting advisor employed*	Abdrn use Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform for all their voting requirements
% of resolutions voted against proxy voter recommendation	13.8%

Source: abrdn

* A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares.

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities. At this time, the Trustee has not set stewardship priorities for the Plan so has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities.

In determining significant votes, abrdn’s investment stewardship team view all votes as significant and vote on all shares globally for which abrdn have voting authority, unless there are voting obstacles such as share blocking or significant conflicts of interest. In line with Pensions & Lifetime Savings Association (“PLSA”) requirements abrdn identify and record what they deem to be the most significant votes across all their holdings. Abrdn have identified five categories of votes that they consider as significant and have ordered these based on their view of their importance. These categories and details of the underlying votes captured are as follows:

- A high-profile vote which has such a degree of controversy that there is high client and/or public scrutiny in their large active holdings.
- Votes on shareholder and environmental & social (E&S) proposals where abrdn have engaged with the company.
- Focus on resolutions where abrdn have engaged with the company on a resolution.
- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions.
- Focus on large active holdings where abrdn have voted contrary to custom policy following analysis.

Abdrn have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities, the Trustee has selected three votes that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Plan.

A summary of the significant votes provided is set out overleaf.

	Vote 1	Vote 2	Vote 3
Company name	Tyson Foods Inc	Hormel Foods Corporation	The Kroger Co.
Date of vote	9 Feb 2023	31 Jan 2023	23 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Abrdn did not provide this information		
Summary of the resolution	Product Toxicity and Safety - Comply with World Health Organization Guidelines on Antimicrobial Use Throughout Supply Chains	Recycling - Report on Efforts to Reduce Plastic Use	
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Abrdn do not track the specific votes where they communicated their intent prior to voting</i>		
Rationale for the voting decision	Abrdn believe that the Company's current commitments align to some, but not all, World Health Organisation recommendations on antibiotic use. The company's current commitments meet industry standards and expectations. Thus, in abrdn's view, support for this proposal was not warranted.	Abrdn believe that the Company's acknowledgement of the issue and current commitments (including targets to reduce the use of medically important antibiotics) is aligned to industry standards and expectations. Thus, in abrdn's view, support for this proposal was not warranted.	Abrdn commended the steps made so far in reducing plastic packaging and increasing the recyclability of own brand packaging. However, abrdn believed that better disclosure of metrics and baselines will allow shareholders to more fully understand company's management of this issue, and so supported this proposal.
Outcome of the vote	Abrdn did not provide this information		
Implications of the outcome	Abrdn did not provide specific data on the implications of the outcome of each individual vote above. However, they have stated that in cases where they vote against management, they have a general policy to continue to engage with the company in order to support and encourage progress.		
Criteria on which the vote is considered "significant"	These votes are considered significant as they fall into the category of Environmental & Social (E&S) resolutions.		This vote is considered significant as it falls into the category of Environmental & Social (E&S) resolutions and abrdn have voted contrary to management recommendations in this instance.

Source: Abrdn

Fund level engagement

Summary of engagement activities

The investment manager engages with their investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds.

Engagement activities are limited for the abrdn CDI funds, abrdn LDI profile funds and abrdn Deposit and Treasury fund due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

The table below provides a summary of the engagement activity undertaken by abrdn at the firm level. Please note abrdn produce these reports semi-annually, so the data shown is for the reporting period to 31 December 2022:

Manager	abrdn
Fund name	Global Absolute Return Strategies Fund
Number of engagements undertaken at a firm level in the year	2,484
Number of companies engaged at a firm level	1,443

Source: abrdn

Examples of engagement activity undertaken

Manager Engagement

Topic: Labour Management and Climate Change

Details of Engagement: Abrdn engaged with Tesco to understand how Tesco is balancing colleague rates of pay, cost of living crisis impacts on customers and inflationary concerns. Abrdn encouraged the firm to increase the London hourly wage in line with the London real living wage along with asking for Tesco to produce an interim Scope 3 emissions target.

Outcome: At the time of engagement, Tesco paid real living wage for workers outside London but did not pay London real living wage. A month after the engagement, Tesco increased the London hourly rate to the real living wage for London at the time. They also provided case studies to reinforce their commitment to their Net Zero by 2050 strategy which encompasses their Scope 3 emissions target.

Topic: Animal testing, Plastic & Packaging

abrdn

Details of Engagement: Abrdn engaged with Proya cosmetics, a Chinese cosmetics company, to understand its approach to chemicals in cosmetics, animal testing and sustainable packaging. Abrdn requested that the Company provide improved disclosure to enhance transparency of its operations.

Outcome: The Company improved its disclosures, and its ESG rating from MSCI was subsequently upgraded from 'CCC' to 'BBB'. This engagement demonstrated the benefit of Abrdn's on-the-ground research along with active engagement to uncover ESG leaders in China.

Topic: Labour Management, Corporate Governance

Details of Engagement: Abrdn engaged with Jet2 to discuss proposed governance changes. Abrdn requested that the company establish a fully independent audit committee, appoint a lead independent director to represent the interests of independent shareholders, and improve the diversity of the board, drawing on the recommendations of the Hampton-Alexander and Parker reviews.

Outcome: Subsequent to the engagement the company confirmed its intention to improve its board diversity. Abrdn intends to monitor how the company implements this change and has separately requested for the company to prepare disclosures in line with the TFCO recommendations and develop socially focused targets for inclusion in its sustainability strategy. It also resulted in a strengthened investment case for ASI in Jet2.

Source: *abrdn*