

## The Zoological Society 1988 Pension Scheme –Annual Engagement Policy Implementation Statement

### Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 30 June 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

### Investment Objectives of the Scheme

The Trustee believe it is important to consider the policies in place in the context of the investment objectives they have set. The investment objectives of the Scheme, as set out in the SIP, are as follows:

- To maintain the Scheme's fully funded position, on the Technical Provisions basis.
- By seeking opportunities to de-risk the Scheme's investment strategy to more effectively manage funding level volatility.
- Reduce the likelihood that additional contributions are required from the Scheme Sponsor.

### Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the policy of the Trustee in respect of Environmental, Social and Governance ('ESG') factors, stewardship and sustainability (including climate change). The Trustee developed these policies, in conjunction with its investment adviser, during July and August 2019 and reaffirmed these policies at its meeting in January 2020.

The views of members are not currently considered by the Trustee in determining these policies but this position is kept under review.

The following work was undertaken during the year relating to the policy of the Trustee in these areas.

- The Trustee requested that the Scheme's investment managers confirm compliance with the principles of the UK Stewardship Code. Both of the Scheme's investment managers confirmed that they are signatories to the UK Stewardship Code and plan to submit the required reporting to the Financial Reporting Council by 31 March 2021 in order to be on the first list of signatories for the UK Stewardship Code 2020 that took effect on 1 January 2020.
- The investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from its investment adviser. With the exception of the LDI mandate, the Trustee was comfortable with the ESG ratings assigned (by its investment adviser) to the strategies held by the Scheme. The Trustee acknowledged that due to the nature of the underlying holdings, which were largely Government Bonds and derivatives, its investment adviser does not assign an ESG rating to LDI strategies. Before funding a new investment, the Trustee consider the ESG rating assigned to the strategy by its investment consultant.
- The Trustee intends to monitor the engagement activity of the investment managers at least every three years. Although this was not completed over the year to 30 June 2020, the Trustee will review the engagement activity of the Scheme's investment managers no later than 30 June 2022.

No action was taken by the Trustee, in response to the aforementioned activity over the year to 30 June 2020.

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### Voting Activity

As the Scheme only holds pooled investments, voting rights are exercised by the investment managers appointed by the Trustee in line with their stated policies. As such, the Trustee does not make use of a proxy voting firm but expects the investment managers to report on contentious issues through its quarterly reporting.

Over the last 12 months, the key voting activity on behalf of the Trustee is as follows:

- Passive Global Equity and Active Diversified Growth Fund
- Key votes undertaken over the year to 30 June 2020 are summarised below:
- There have been 945 votable meetings over the year for the Diversified Growth Fund, with the investment manager voting 920 on behalf of the Trustee.
- There have been 3,091 votable meetings over the year for the Global Equity Fund, with the investment manager voting 2,999 on behalf of the Trustee.
- Over the 12 months to 30 June 2020, the Trustee had not discussed voting activity with the investment manager. The Trustee will review the voting activity of the Scheme's investment manager no later than 30 June 2022 and at least every three years thereafter.