

Implementation Statement

The Association of Chartered Certified Accountants Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of The Association of Chartered Certified Accountants Pension Scheme ("the Scheme") to set out the following information over the year to 31 December 2022:

- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Trustees policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at June 2021 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."

The Trustees maintain the Statements of Investment Principles for the Scheme, which sets out the investment principles for both Defined Benefit (DB) and AVC benefits. The SIP is reviewed at least annually and following any significant changes in investment policy.

The latest version of the SIP, which was agreed in June 2021, includes investment target ranges for asset allocations and also reflects the new legislative requirements requiring trustees to explain their policies on how they monitor their asset managers. The current version of the Scheme's SIP is available on the Employer's website, via <https://www.accaglobal.com>.

Stewardship policy

At this time, the Trustee has not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How voting and engagement/stewardship policies have been followed

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

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees undertook an initial review of the stewardship and engagement activities of the current managers and were satisfied that their policies were reasonable, and no remedial action was required at that time.
- Annually the Trustees receive and review voting information and engagement policies from both the asset managers and our investment advisors, which we review to ensure alignment with our own policies. This exercise was undertaken both as part of the annual implementation statement and ESG monitoring report.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by their investment consultant, to assess how the Scheme's investment managers take account of ESG issues.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

Additional information on the voting and engagement activities carried out for the Scheme's investments are provided on the following pages.

Over the year to 31 December 2022, the Trustees decided to fully disinvest from the Columbia Threadneedle Dynamic Real Return Fund and the passive equity portfolio to meet the capital requirements in the Scheme's LDI portfolio during the gilt crisis.

For completeness, the Trustees have included voting and engagement information for these disinvested funds over the year to 31 December 2022. The Trustees believe this is proportionate and provides a reasonable overview of the manager's voting behaviour.

Prepared by the Trustees of The Association of Chartered Certified Accountants Pension Scheme

April 2023

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 December 2022. The holdings in the LDI portfolio (including cash holdings) and credit assets, with Legal & General (LGIM), Royal London Asset Management (RLAM), CVC Capital Partners (CVC) and M&G Investments (M&G) have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

CBRE (the investment manager for the property holdings) have not disclosed voting data and have noted:

"With regard to voting, CBRE Investment Management Indirect ("CBRE IM Indirect") manages indirect private real estate portfolios on behalf of separate accounts and pooled vehicles, such as Global Alpha, and will exercise voting on any relevant issues that may arise."

"The nature of the voting undertaken for the investments targeted differs from listed equities, being typically of an administrative nature or can relate to governance matters. As voting forms only a limited part of our overall engagement approach, which includes regular interaction with our operating partners and underlying fund managers through control rights or advisory board representation, alongside meetings with management, we therefore determine it more suitable to document our engagement efforts through the examples and responses provided in the engagement questionnaire and we also provide CBRE IM Indirect's engagement policy (attached), which sets out how stewardship is integrated within our investment process."

Manager	LGIM	Columbia Threadneedle
Fund name	Future World Global Equity Index Fund and Future World Global Equity Index GBP Hedged	Dynamic Real Return Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	4942	48
Number of resolutions the manager was eligible to vote on over the year	53,097	696
Percentage of resolutions the manager voted on	99.9%	100.0%
Percentage of resolutions the manager abstained from¹	1.0%	3.3%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on¹	80.4%	86.4%

Manager	LGIM	Columbia Threadneedle
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on¹	18.6%	10.3%
Proxy voting advisor employed	Institutional Shareholder Services (ISS)	Columbia Threadneedle do not use proxy voting advisers and follow their own Responsible Investment Policies
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	10.6%	n/a

¹The proportion of resolutions that were voted on or abstained from may not sum to 100.0%. This can be due to how managers or local jurisdictions define abstentions or classify formal voting or abstentions as opposed to not returning a voting form or nominating a proxy.

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/themes. At this time, the Trustees have not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course.

For this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In the future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM and Columbia Threadneedle have provided a selection of votes which they believe to be significant. The Trustees have selected three votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme, which are shown in **Appendix 1**.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Information relating to fund level engagement policies was requested from all fund managers.

LGIM, RLAM and CBRE provided engagement data at firm level, rather than at fund level, whilst Columbia Threadneedle provided engagement data at both firm level and fund level.

CVC are unable to provide this data for the Global Yield Fund. CVC informed the Trustees’ investment advisers that, as a credit strategy, engagement is not really something that they can actively influence or monitor. The composition of Global Yield is a pool of ‘large cap’ liquid loans and whilst CVC do engage in ESG screening for the investments they make, they have stated that they cannot engage or vote on the actions any of their investee companies choose to take. As such, CVC have not been included in the table below.

Engagement activities are limited for the Scheme’s LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	RLAM
Fund name	Future World Global Equity Index Fund and Future World Global Equity Index GBP Hedged	Multi Asset Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	583	Data not provided
Number of engagements undertaken at a firm level in the year	711	334 over the period from 1 July 2022 to 31 December 2022, as RLAM started providing quarterly engagement data since Q3 2022

Examples of engagements undertaken with holdings in the fund*

In response to commitments made at COP26, LGIM joined with over 30 financial institutions as part of the Finance Sector Deforestation Action (FSDA) initiative to commit to use best efforts to eliminate agricultural commodity-driven deforestation from our investment portfolios by 2025. Through LGIM's involvement in the FSDA initiative, they are working with other investors to accelerate progress in key sectors and across value chains. This is a critical step towards reversing deforestation globally and aligning the financial sector with a Paris Agreement-compliant 1.5°C pathway. The initiative has set out investor expectations for companies around commitments, disclosure and actions related to deforestation. The FSDA has also identified key companies in deforestation critical sectors to engage with, and LGIM has taken the lead on four of these engagements.

In 2022, LGIM reviewed their net zero guides and strengthened their expectations to reflect the latest climate science and industry standards. While these expectations vary from sector to sector, LGIM have set a red line for all sectors on the disclosure of lobbying activities. Across all sectors LGIM have place more emphasis on disclosure of plans, actions and investments to support delivery of commitments, an on linking executive remunerations to short – and medium-term emissions reduction targets.

HSBC: RLAM met with HSBC to discuss their expectation of net zero emissions. During the meeting HSBC agreed to ensure quality disclosure on the methodological assumptions and limitations of achieving the target. HSBC said it would revise its lending policies and added it plans to phase out coal lending by 2040. Later in the year RLAM provided feedback on HSBC's coal policy: this included suggestions on how to improve the aim, accountability and oversight, and timelines of the policy, as well as the use of climate transition plans as a tool.

Manager	Columbia Threadneedle	CBRE
Fund name	Dynamic Real Return Fund	Global Alpha Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	177*	Data not provided
Number of engagements undertaken at a firm level in the year	177	Data not provided

Examples of engagements undertaken with holdings in the fund*

NextEra Energy: CT wanted more insight regarding the impact of the US Inflation Reduction Act (IRA), as well as the implementation of forced labor rules on the solar supply chain in the US.

CT see the potential for a US supply chain to form in next two to four years given manufacturing incentives from the IRA.

In particular, community solar is likely to play a more significant role than rooftop solar in the evolution of the electric grid given its scale advantages and increasing popularity.

CT also see bright prospects for the adoption of renewables in the US with tax incentives facilitating the addition of significant extra renewable capacity. NextEra expects that as a result of IRA the energy transition could happen twice as fast over the next decade.

The call provided valuable insight on the broader developments impacting the US solar industry and NextEra's position within this. We concluded that the company is relatively insulated from the forced labour rules and very well positioned to seize the expansion and growth within solar energy in the US.

Syzygy, the Old Oak and Park Royal Development Corporation ("OPDC") and tenants: This is an ongoing example of engagement with a tenant a local development corporation to provide on-site power generation to a London industrial asset. The example is connection to SDG 7 (affordable and clean energy) and SDG 13 (Climate action). This project began in 2021 and involved OPDC, the Mayor of London's development corporation, working to transform the Old Oak and Park Royal areas of west London and are seeking to maximise the use of solar generation in this area. Syzygy are an independent specialist renewable energy consultancy who will carry out the technical and financial due diligence and build financial models for rooftop solar. The project involves ten sites in the Park Royal area and requires close engagement with sitting tenants in the units identified as suitable for panels to be installed.

*CT has noted providing data on fund level engagement: "These numbers are an estimation, based on firm level numbers. Given the way the fund invests, it is hard to accurately determine the total number of entities engaged as well as the number of engagements. Based on the underlying investments it is reasonable to assume the numbers are comparable to the firm level numbers."

Manager	M&G
Fund name	Total Return Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	Data not provided
Number of engagements undertaken at a firm level in the year	Data not provided

Examples of engagements undertaken with holdings in the fund*

Marks and Spencer PLC: M&G aim was to explore if the British retailer could become “Real Living Wage” accredited. To explore this option, M&G sent a letter to the company to make our expectations known. Currently their position is that they are not seeking accreditation as a Living Wage Employer. This is because they prefer to set rates independently and do not wish to impose pay arrangements on third-party contractors. The main complexity here would be amending contracts with third-party suppliers. They are, however, committed to paying colleagues fairly and take a range of external factors into consideration when setting our hourly rates, including the real Living Wage rates. They also consider internal factors, such as business performance and the wider reward package, which includes a generous pension and a discount on M&S products. M&S also have one of the lowest turnover rates in the retail sector and colleagues who stay with the business for many years. They informed us that they work hard to stay engaged with all employees, including a Reward and Wellbeing Survey for last year which provided rich information about what really matters to them. M&G noted the concerns that the company had regarding becoming accredited and were happy with the overall work that the company was doing to ensure that employees are fairly paid.

Source: Fund managers

Appendix 1 – Significant Votes

LGIM Future World Global Equity Index Funds

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	NVIDIA Corporation	Alphabet Inc.
Date of vote	25 May 2022	2 June 2022	1 June 2022
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 1g - Elect Director Harvey C. Jones	Resolution 7 - Report on Physical Risks of Climate Change
How the manager voted	Against the resolution	Against the resolution	For the resolution
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with our investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	93.3% of shareholders supported the resolution	83.8% of shareholders supported the resolution	17.7% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Columbia Threadneedle Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	General Motors Company	Alphabet Inc.	Amazon.com, Inc.
Date of vote	13 June 2022	1 June 2022	25 May 2022
Summary of the resolution	Report on the Use of Child Labor in Connection with Electric Vehicles	Report on Metrics and Efforts to Reduce Water Related Risk	Report on Lobbying Payments and Policy
How the manager voted	For the resolution	For the resolution.	For the resolution.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Data not provided	Data not provided	Data not provided
Rationale for the voting decision	Supporting better ESG risk management disclosures	Supporting better ESG risk management disclosures	Supporting better ESG risk management disclosures
Outcome of the vote	Motion did not pass	Motion did not pass	Motion did not pass
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of their research and investment process.	Active stewardship (engagement and voting) continues to form an integral part of their research and investment process.	Active stewardship (engagement and voting) continues to form an integral part of their research and investment process.
Criteria on which the vote is considered "significant"	Vote against management	Vote against management	Vote against management