

THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS STAFF PENSION SCHEME

IMPLEMENTATION STATEMENT

For the year ended 31 December 2021

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 2021:

- 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 Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Trustees' policies on voting and engagement

The Trustees' Statement of Investment Principles (SIP) in force at June 2021 describes the Trustees' 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 SIP was reviewed in October 2019 to reflect changes in the investment strategy and updated in September 2020 to formally incorporate the Trustees' consideration of Environmental, Social and Corporate Governance issues (and specifically consideration of climate risk) when determining investment strategy for both DB and AVC investments. 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>.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believes that their 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 at their 7 September 2021 meeting, 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.
- 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.

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IMPLEMENTATION STATEMENT (continued) For the year ended 31 December 2021

How voting and engagement policies have been followed (continued)

During the year, the Trustees replaced the Barings Dynamic Asset Allocation Fund with the Columbia Threadneedle Dynamic Real Return Fund, due to the closure of the Barings' UK multi-asset business in June 2021. The LGIM All World Equity Index Fund and LGIM All World Equity Index Fund GBP Hedged have also been replaced by Future World Global Equity Index and Future World Global Equity Index GBP Hedged in June 2021. In addition, capital calls were received in April and September 2021 for the CBRE Global Alpha Fund.

For completeness, the Trustees have included voting and engagement information for these disinvested funds over the year to 31 December 2021. The Trustees believe this is proportionate and provides a reasonable overview of the manager's voting behaviour.

This report was approved by the Trustees on 28/7/2022 and signed on their behalf by:

Dean Westcott

Chairman



Trustee

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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 2021. The holdings in the LDI portfolio (including cash holdings) with Legal & General (LGIM) and credit assets with Royal London Asset Management (RLAM) and CVC Capital Partners (CVC) 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 commented:

"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 ¹	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	3,859	368
Number of resolutions the manager was eligible to vote on over the year	41,876	4694
Percentage of resolutions the manager voted on	99.88%	100.00%
Percentage of resolutions the manager abstained from	0.72%	2.56%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	81.87%	90.88%

Manager ¹	LGIM	Columbia Threadneedle
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	17.41%	6.56%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	10.65%	n/a

Manager	LGIM	Barings ²
Fund name	All World Equity Index Fund and All World Equity Index GBP Hedged	Dynamic Asset Allocation Fund*
Structure	Pooled	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.	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	5,699	87
Number of resolutions the manager was eligible to vote on over the year	57,452	817
Percentage of resolutions the manager voted on	99.85%	96.21%
Percentage of resolutions the manager abstained from	1.10%	0.00%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	81.05%	95.42%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	17.84%	4.58%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	9.51%	0.51%

¹The proportion of resolutions that were voted on or abstained from may not sum to 100%. 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.

²The Barings Dynamic Asset Allocation Fund was closed in June 2021. The voting data covers the year to 30 June 2021.

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IMPLEMENTATION STATEMENT (continued) For the year ended 31 December 2021

Voting Data (continued)

LGIM and Barings employ Institutional Shareholder Services (ISS) as their proxy voting adviser. Columbia Threadneedle do not use proxy voting advisers and follow their own Responsible Investment Policies.

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, so for this Implementation Statement the Trustees have asked the investment managers to determine what they believe to be a “significant vote”.

LGIM and Columbia Threadneedle have provided a selection of votes which they believe to be significant, and in the interest of concise reporting, Appendix 1 shows three of these votes for each fund.

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 and Barings provided engagement data at both firm level and fund level. The Trustees’ investment advisers are working with LGIM and RLAM to improve the depth of the data provided in the future.

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.

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Manager	LGIM	RLAM
Fund name	Investment Grade Corporate Bond – All Stocks – Index Fund Investment Grade Corporate Bond – Over 15 Year – Index Fund Future World Global Equity Index Fund and Future World Global Equity Index GBP Hedged	Multi Asset Credit Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	Data not provided	Data not provided
Number of engagements undertaken at a firm level in the year	772	139

Examples of engagements undertaken with holdings in the fund*

An example is LGIM's involvement with COP26 in Glasgow in November 2021. LGIM helped to push the private sector to do more on the transition to net zero and to galvanise climate action in the public sector. Their CEO, Michelle Scrimgeour, represented LGIM at the summit and, as co-chair of the UK government's COP26 Business Leaders Group, addressed the audience on Finance Day.

Another example is Rio Tinto, whose 2020 mine expansion resulted in the destruction of a 46,000-year old heritage site in Australia. Four directors left the company in the resulting backlash, and LGIM voted against the remuneration reports at both the UK and Australian AGM. This was because they believed further reductions in the exit package awarded to the outgoing CEO would be appropriate given the reputational damage and strain the destruction of the heritage site has put on community relations. The majority of shareholders opposed the pay package at the UK AGM. The vote represents the latest development in LGIM's efforts to press the company for accountability since the beginning of the scandal.

NatWest: As part of the ongoing engagement communicating their expectations to the banking sector with regards to their Net Zero plans, RLAM met with NatWest to discuss Net Zero as well as financial inclusion of SMEs. They discussed the methodological approaches adopted to achieve Net Zero, and how they are setting a carbon budget for the financed emissions of certain sectors, starting with the most carbon intensive. NatWest's fossil fuel financing policy has driven down RLAM's exposure to coal, oil and gas, and they have committed to stop lending to fossil fuels currently above percentage target revenues. The outcome of the engagement was positive, with RLAM believing NatWest senior leadership is focused on developing credible climate commitments and welcomed RLAM's suggestion to include social dimensions in their climate transition plans.

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IMPLEMENTATION STATEMENT (continued) For the year ended 31 December 2021

Manager	Columbia Threadneedle	CBRE
Fund name	Dynamic Real Return Fund	Global Alpha Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	84	Data not provided
Number of engagements undertaken at a firm level in the year	127	Over 100

Examples of engagements undertaken with holdings in the fund*

Southern Water: Pollution is a significant concern with Southern Water and we have engaged with them on this topic since June 2017, when Ofwat opened an investigation into Southern water over the deliberate misreporting of pollution discharges from wastewater treatment works since 2010.

In their most recent meeting, Threadneedle noted continued improvement but further work is necessary.

The key takeaways from the interaction are:

- Pollution incidents increased in 2020 – Southern has agreed a programme with the EA to address pollution.
- Pollution incidents are still a challenge – company acknowledges that it is coming from “quite a long a distance” with much to improve, and is cooperating with the EA on this.
- The more serious events in 2020 were related to failures of waste water treatment works and back-up generators not kicking in fast enough. It is working on having enough power backed up.
- It self-reported its findings over mis-reporting to Ofwat, who would not have known otherwise.
- Their improvement programmes were negatively impacted by Covid during 2020 (as with Thames).

Charter Hall Australian Industrial Fund: CBRE encouraged the manager to obtain building certification for existing and new buildings. Their investment team is working with the Green Building Council of Australia (“GBCA”) to redefine their industrial asset rating system for tenant power consumption, over which the landlord has no control. Taking onboard CBRE’s encouragement, the manager started renewing certifications as well as installing smart meters. This resulted in two of three development projects achieving a 4-star Green Star Design & As Built Rating and one warehouse achieving a 5-star rating.

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IMPLEMENTATION STATEMENT (continued) For the year ended 31 December 2021

Manager	Barings
Fund name	<i>Invested in until 30 June 2021:</i> Dynamic Asset Allocation Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	70
Number of engagements undertaken at a firm level in the year	415

Examples of engagements undertaken with holdings in the fund*

Chemicals Company - Barings engaged with a US chemicals firm with large fertiliser businesses to push them towards shifting more of their business into green ammonia and increasing production of 'blue' ammonia. Green ammonia is used in the production of carbon-neutral fertiliser products, decarbonising the food value chain, and also has potential as a future climate-neutral shipping fuel. Blue ammonia is ammonia used as feedstock to make blue hydrogen, which is essentially hydrogen made from fossil fuels through a process that captures and stores the carbon dioxide produced rather than release it into the atmosphere. In Barings' opinion, this company is ideally placed to benefit from the trend of increasing adoption of these processes. Barings' engagement with the company is to push for this transition to be as rapid as possible.

Source: Fund managers

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Appendix 1 – Significant Votes

The All World Equity Index Funds and the Future World Global Equity Index Funds invest in a similar range of companies and as such their voting overlaps significantly.

LGIM Future World Global Equity Index Funds and LGIM All World Equity Index Funds

	Vote 1	Vote 2	Vote 3
Company name	JP Morgan Chase & Co.	NVIDIA Corporation	Facebook, Inc.
Date of vote	18 May 2021	3 June 2021	26 May 2021
Summary of the resolution	Elect Director Todd A. Combs	Elect Director Harvey C. Jones	Elect Director Mark Zuckerberg
How the manager voted	LGIM voted against the resolution.	LGIM voted against the resolution.	Abstain
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 their 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	<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 are voting against all combined board chair/CEO roles. Furthermore, they have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets managed on the client's behalf. For 10 years, they have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, they expanded the scope of their vote policy to include all companies in the S&P 500 and the S&P/TSX. Their expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.</p>	<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</p>
Outcome of the vote	96.1% of shareholders supported the resolution.	5.8% of shareholders opposed the resolution.	97.2% of shareholders supported the resolution.

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with the company and publicly advocate their position on the issue.	LGIM will continue to engage with the company and publicly advocate their position on the issue.	LGIM will continue to engage with our 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 considers this vote significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote significant as they view gender diversity as a financially material issue for their clients, with implications for the assets managed.	LGIM 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 (escalation of engagement by vote).

Columbia Threadneedle Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Eli Lilly and Company	Caterpillar Inc.
Date of vote	18 May 2021	3 May 2021	9 June 2021
Summary of the resolution	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	Report on Lobbying Payments and Policy	Report on Climate Policy
How the manager voted	Abstain	Threadneedle voted for the resolution.	Threadneedle voted 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	Not in shareholders' best interest	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 our research and investment process.	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
Criteria on which the vote is considered "significant"	Vote against management	Vote against management	Vote against management

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Barings Dynamic Asset Allocation Fund

	Vote 1	Vote 2	Vote 3
Company name	KATITAS Co., Ltd.	Nippon Telegraph & Telephone Corp.	Chenavari Capital Solutions Ltd.
Date of vote	25 June 2021	24 June 2021	30 March 2021
Summary of the resolution	Approve bonus related to retirement bonus system abolition	Removal of existing board director	Accept financial statements and statutory reports
How the manager voted	Against	Against	Against