

Implementation Statement

National Society for the Prevention of Cruelty to Children Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the National Society for the Prevention of Cruelty to Children Pension Scheme ("the Scheme") to set out the following information over the year to 31 March 2025:

- 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 Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.



Conclusions

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies on exercising engagement activities. Overall, the Trustee does not have any material concerns with the ESG and Stewardship activities of the Scheme's holdings.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 March 2025 describes the Trustee's stewardship policies on the exercise of rights (including voting rights) and engagement activities. It was last reviewed following the end of the year in August 2024 and has been made available online here: [Statement of Investment Principles \(pensionpal.co.uk\)](https://pensionpal.co.uk)

At the start of the year in review, the Scheme underwent a number of significant strategy changes, including moving from a discretionary fiduciary management arrangement with Mercer Limited ("Mercer") to an advisory arrangement with Barnett Waddingham. Given the ongoing significant strategy changes, the Trustee decided not set stewardship priorities / themes for the Scheme over the year whilst they focused on ensuring they were comfortable with the new strategy and governance model. However, the Trustee will be further evaluating stewardship priorities as part of an ongoing strategy review following the completion of the 2024 Actuarial Valuation, in line with other Scheme risks.

Additionally, the Scheme solely invests through pooled investment vehicles where the Scheme's assets only represent a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the manager. Due to implementing a strategy that now invests across LDI, cash, fixed income and synthetic equity instruments, the Scheme has now disinvested from all the funds with voting rights attached. However, the Trustee takes the stewardship priorities, climate risk and ESG factors into account at manager selection alongside other factors.

How voting and engagement/stewardship policies have been followed

The Trustee's Statement of Investment Principles ("SIP") in force at September 2024 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

- 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.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee uses sustainability ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues. All the funds the Scheme invests in are considered to be adequately taking into account material ESG issues that could affect the performance of the fund and may be able to capture any benefit into performance or mitigation to risk that ESG awareness brings.
- The Trustee receives information on Environmental, Social and Governance ("ESG") considerations, engagement and voting annually from their investment managers, via their investment consultant, and review this annually to ensure alignment with their own policies. The findings of the Trustee's review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report & Accounts for the year to 31 March 2025.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in line with the Scheme's stewardship policies.

**Prepared by NSPCC Pension Scheme Limited, as Trustee of the National Society for the Prevention of Cruelty to Children Pension Scheme
August 2025**

Voting Data

The Scheme currently invests across bond and cash pooled funds. The Scheme also has a synthetic equity portfolio, implemented through equity futures. The bond portfolio includes secured finance, securitised credit, ABS, buy and maintain credit, fixed interest gilt funds and index-linked gilt funds.

Voting is not applicable to the Scheme's bond holdings as these funds invest only in fixed income assets, which have no voting rights. Likewise, the futures held by the Scheme have no voting rights attached as the Scheme does not own the underlying physical shares. The Trustee has therefore not communicated voting preferences to their investment manager over the period.

As a result, the Scheme's investment manager does not utilise their proxy voting services on behalf of the Scheme.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. The Scheme updated its strategy on 15 April 2024 and invested in several new funds, for which the number of engagements over the year to 31 March 2025 have been shown below.

Engagement activities are limited for the Scheme's synthetic equity portfolio, LDI funds, cash funds and holdings in the Schroder AAA Flexible ABS Fund and Schroder Securitised Credit Fund due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

The engagement statistics for Schroder and Insight were provided as at 31 December 2024 (latest available), with all but Schroder Secured Finance fund are provided at Fund Level, and engagement statistics for Schroder Secured Finance Fund provided at firm level (Schroder).

Manager	Insight			Schroder		
Fund name	Insight Secured Finance Fund	Schroder Secured Finance Fund	Schroder SSF Sterling Liquidity Plus	Schroder Matching Plus Buy & Maintain Credit Cashflow 2018-2032 Fund	Schroder Matching Plus Buy & Maintain Credit Cashflow 2032-2040 Fund	Schroder Matching Plus Buy & Maintain Credit Cashflow Over 2037 Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	c. 60	<i>Data not provided</i>	76	109	86	75
Number of entities engaged on behalf of the holdings in this fund in the year	c. 55	<i>Data not provided</i>	13	47	32	23

Number of engagements undertaken at a firm level in the year	939	4,713	4,713	4,713	4,713	4,713
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Examples of engagement activity undertaken over the year to 31 March 2025

Insight, Secured Finance Fund

Pepper

Insight worked with Pepper, who are a significant issuer in the Australian residential property market, over 2024 and 2025 to integrate ESG into the loan origination process. There had been no previous consideration of ESG metrics as part of this process. Insight met with the Deputy Head of Treasury at Pepper to encourage the disclosure of ESG metrics and Pepper are now showing potential EPC improvements that can be made to their properties. Following previous engagements, Insight investigates the possibility of providing EPC details to investors across their back book.

Pepper now includes a number of ESG metrics in their annual reports alongside some loan level disclosures and agreed that issue of loan origination practices is something they are reviewing. Insight will continue to engage with Pepper to ensure the disclosures remain appropriate and productive for investors.

Schroder, Secured Finance Fund (Firm level engagement data provided)

CVS Health

Schroder have identified human capital management as a priority area for their engagement. Schroder believe that a company's workforce is a key source of competitive advantage. One area of focus for Schroder within this theme is investment in the workforce, including transparency around paid time off and broader employee benefits. In 2022, Schroder began engaging with over 30 retail and service sector holdings in the United States to understand how paid sick leave policies had evolved following the end of COVID-19 restrictions. CVS Health was among the companies Schroder engaged with on this issue.

CVS Health's existing policy appeared to apply only to employees working over 30 hours per week or those covered by local or state mandates. Schroder raised concerns about the potential reputational risk this posed, particularly given CVS Health's brand association with public health. Schroder encouraged CVS Health to adopt a comprehensive paid sick leave policy for all employees, believing that such a move would support long-term business sustainability and align with the United Nations Sustainable Development Goal 8 ("UN SDG 8") – Decent Work and Economic Growth.

To escalate the engagement, Schroder collaborated with other investors and co-filed a shareholder resolution, requesting that CVS Health adopt and disclose a paid sick leave policy for both full and part-time employees. This action was consistent with Schroder's escalation framework. The resolution received 26% shareholder support. Schroder continues to hold CVS Health and will monitor future developments, with the expectation that the company will strengthen its approach to paid sick leave over time.

Schroder Matching Plus Buy & Maintain Credit Cashflow Funds

Motability

Motability overcharged disabled motorists while awarding millions of pounds in bonuses to senior management between 2008 and 2015. Schroder chose Motability Operations Group as an example of governance challenges, particularly concerning vulnerable customers, to evaluate Motability's governance framework and ensure appropriate safeguards are in place. This involved a review of Motability's corporate governance structures, by speaking with the company's Chief Financial officer and Head of Treasury to understand existing oversight mechanisms, executive remuneration policies, and any steps taken to prevent further overcharging. After evaluation, Schroder maintained a laggard governance score, indicating ongoing concerns about the lack of a formal regulator or competitor.

As the shortcomings of governance remained with Motability, Schroder removed Motability from their Buy and Maintain buy list and any new investments were restricted. All existing holdings across Schroder's portfolios were sold to reflect their heightened concerns. Schroder will continue to monitor Motability's governance developments and remain open to reconsidering position if meaningful reforms are introduced.