



Scott Wilson Pension Scheme ('Scheme')

30 September 2023 Implementation
Statement

March 2024

1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the Scott Wilson Pension Scheme (the ‘Scheme’) in relation to the Scheme’s Statement of Investment Principles (the “SIP”).

The SIP was amended once during the year ending 30 September 2023 to reflect changes in the investment return following a change in the investment strategy. The Trustees have since updated the SIP in November 2023 to reflect the Trustees’ alignment with the Schroders engagement blueprint.

A copy of the current SIP dated 20 November 2023 can be found here <https://aecom.com/scott-wilson-pension-scheme/>

This Implementation Statement covers the Scheme year from 1 October 2022 to 30 September 2023 (the “Scheme Year”). It sets out:

- How the Trustees’ policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A new set of guidance (“the Guidance”) from the Department for Work and Pensions (“DWP”) has been issued with a series of statutory & non-statutory guidance. They aim to encourage the Trustees of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme’s SIP. This Implementation Statement has been prepared to provide the details on how the Trustees of the Scheme, with the help of the Scheme’s Fiduciary Manager, have complied with the new statutory guidance set by DWP.

A copy of this Implementation Statement is available on the following website: <https://aecom.com/scott-wilson-pension-scheme/>

2. How the Trustees' policies on exercising voting rights and engagements have been followed over the Scheme Year

The Trustees use the Fiduciary Management service of **Schroders IS Limited** as their Investment Manager and Adviser (it is referred to as the "**Fiduciary Manager**" in the Implementation Statement). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment ("UN-PRI")
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards 2022
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

The Fiduciary Manager can appoint other investment managers to manage part of the Scheme's assets (these are referred to as "**Underlying Investment Managers**"). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustees have delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on their behalf, the Trustees regularly review the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' beliefs and objectives.

A copy of the Scheme's SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustees' investment policies when providing Fiduciary Management services. However, given that the investments with the Underlying Investment Managers are generally made via pooled funds (where the Scheme's investments are pooled with those of other investors), the Fiduciary Manager does not have direct control over voting or engaging with the companies that issue the underlying securities. This process lies with the Underlying Investment Manager, who may have different engagement priorities than the Trustees. Therefore, the Trustees require the Fiduciary Manager to integrate stewardship activities such as voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, into the selection or monitoring of Underlying Investment Managers. The Trustees believe it is appropriate to delegate the decision of appointing and monitoring Underlying Investment Managers to the Fiduciary Manager, who will be able to influence the Underlying Investment Manager's voting and engagement policies. Consequently, the Trustees can largely exercise their stewardship policy as set out in the Scheme's SIP.

During the Scheme Year, the Trustees have received training on the latest DWP Guidance. To support the Trustees in meeting the new requirements, the Trustees also received training on Schroders' Engagement Blueprint, which sets out the six engagement themes the Scheme's Fiduciary Manager believes to be most financially material. These are the themes the Fiduciary Manager will align the majority of its own engagement of underlying managers with. To agree on which of these themes the Trustees prioritise in their own stewardship activities, the Trustees completed a survey selecting three engagement themes they will use for engagement and monitoring of the Fiduciary Manager's activities. Following the survey results and further discussions, the Trustees of the Scheme have determined their stewardship priorities to be aligned with the Fiduciary Manager's priorities over 2023, being Climate Change, Natural Capital & Biodiversity, and Human Rights.

The Trustees believe these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value

added to the Scheme's investment and hence benefit the Scheme's members and beneficiaries. Therefore, the Trustees believe that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme.

On behalf of the Trustees, the Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments. Additionally, with the help of the Fiduciary Manager, the Trustees monitor the performance of the Underlying Investment Managers against the agreed performance objectives at Trustee meetings held during the Scheme Year. Over the Scheme Year, the Fiduciary Manager also provided the Trustees with quarterly monitoring of the ESG characteristics of the portfolio, including TCFD ("Taskforce for climate-related financial disclosures") carbon metrics. The Trustees are satisfied with the Fiduciary Manager's activity in this area.

As part of ongoing monitoring of how the Fiduciary Manager has exercised the Trustees' stewardship policy over the Scheme Year, the Trustees reviewed the Fiduciary Manager's Annual ESG report in 2023 and ensured it was satisfied with the actions taken on their behalf concerning ESG integration within the investments and stewardship activities.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting and Engagement Summary

On behalf of the Trustees, the Fiduciary Manager exercises voting rights in relation to the pooled funds managed by the Underlying Investment Managers, in line with its voting policy.

Most voting rights and engagement regarding the Scheme's investments relate to underlying securities within these pooled funds. At a general meeting of a company, the Underlying Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies, which the Fiduciary Manager may have influenced. Nonetheless, the pooled funds themselves often confer certain rights around voting or policies, which the Fiduciary Manager exercises on behalf of the Trustees, and we cover these here.

Over the year to 30 September 2023, the Fiduciary Manager engaged with Underlying Investment Managers regarding clients' pooled fund investments on 189 resolutions across 33 meetings. The Fiduciary Manager voted against management on 3 resolutions which was 1.6% of total resolutions, and abstained on 36¹ resolutions (19.0% of the total resolutions). The engagement topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Within the Scheme's portfolio, the **BNYM Global Equity Fund** makes up the majority of the Scheme's investments in equity assets, with equity being the only asset class to hold voting rights. The Trustees reviewed the BNYM semi-annual proxy voting reports (links included in Appendix) and noted that BNYM prioritised stewardship with each of their underlying holdings on areas broadly in line with Schroders Solutions' engagement themes.

In relation to the liability hedging mandate, the Trustees noted that ESG aspects are considered for selecting and monitoring of counterparties by the appointed liability hedging Manager Columbia Threadneedle Investments (CTI). Further to this, CTI have demonstrated high levels of engagement with counterparties on ESG matters, as evidenced in their latest counterparty engagement report which has been shared with the Trustees.

The Trustees have considered the voting statistics and behaviour set out in this Implementation Statement, along with engagement activity that took place on their behalf during the Scheme Year within the growth asset portfolio and the liability hedging portfolio, and is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with their stewardship policy.

Specifically, the Trustees noted that:

- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, and some good progress has been achieved such that many of the Underlying Investment Managers' ESG credentials have improved over the Scheme Year. This is particularly true for the managers which the Fiduciary Manager rated as engagement priority over the Scheme Year.
- Each manager demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.

¹ The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the vote deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- In this Implementation Statement, the Trustees considered relevant examples in relation to their own stewardship priorities. Examples are provided in the appendix.
- As the Trustees have refined their stewardship priorities this year, it considers the most significant votes to be those that both relate to these priorities and are defined as significant by the Underlying Managers (in general, of the most material holdings and/or against the management's proposals) based on their specific knowledge of the circumstances around each vote. The Trustees have communicated this with the Fiduciary Manager, and as per DWP guidance, all votes which meet these criteria have been reported below.

Voting by the Underlying Investment Managers on securities held on behalf of the Trustees

Most Significant Votes

The Trustees consider the below votes to be the most significant as they were defined as 'Significant' by the Underlying Investment Managers and aligned with the Trustees' stewardship priority themes - based on the data provided to Trustees.

CLIMATE CHANGE - At the annual PACCAR Inc meeting on 25 April 2023, BNY Mellon voted in favour of the shareholder proposal for the Board of Directors to annually issue a report describing how the company's lobbying activities align with the goal of the Paris Agreement. This vote was considered "most significant" as it focuses on climate-related topics and the manager believes PACCAR is not transparent in disclosing their activities in this area. This vote failed, and Mellon will continue to engage with PACCAR and encourage them to disclose more information on lobbying generally, and specifically related to climate.

NATURAL CAPITAL & BIODIVERSITY - On 20 June 2023, BNY Mellon voted against a shareholder proposal for General Motors Company to report on setting sustainable sourcing targets. Mellon's rationale for voting against this proposal was due to their belief that the company has numerous existing initiatives addressing the items contained in the proposal, as well as top class disclosure on other sustainable sourcing data. This vote is considered "most significant" by the Trustees, as it focuses on the natural capital and biodiversity stewardship priority and the manager considers it to be significant since the company are already providing sufficient information in this area. The vote failed, and Mellon intend to continue engagement with General Motors to ensure that all disclosures are kept up to date and are focused on material concerns to the company and their long-term value.

HUMAN RIGHTS - At the Nike Inc, shareholder meeting on 12 September 2023, BNY Mellon voted against a shareholder proposal for the company to report on the effectiveness of supply chain management on equity goals and human rights commitments. BNY Mellon voted against the proposal as they believe the company's detailed disclosures already address the ask of the shareholder proposal and support of the proposal would not enhance the long-term shareholder value of the company as it would waste time and resources on information already provided. This vote relating to the Human Rights stewardship priority failed. Mellon will continue to engage with Nike and encourage the company to maintain their disclosures in the current detailed manner they are.

Summary Voting Statistics

The Fiduciary Manager uses c. 20 Underlying Managers; however, the equity holdings and some hedge funds (Alternatives) are the only asset class with voting rights. Below are the voting statistics for the most material, active equity funds held on behalf of the Trustees that had voting rights during the period.

	BNYM Global Equity Fund	Morant Wright Fuji Yield Japanese Fund	Over the 12 months to 30 June 2023		
			Ninety One Global Strategy Fund	Morgan Stanley Global Brands Fund	Fundsmith Equity Fund
Total meetings eligible to vote	911	60	25	33	24
Total resolutions eligible to vote	11,470	751	328	519	382
% of eligible resolutions voted on	96%	100%	100%	100%	100%
% voted with management?	89%	84%	96%	88%	92%
% vote against management?	7%	16%	4%	12%	8%
% abstained	1%	0%	0%	0%	0%
% of resolutions, voted on, in which you voted contrary to the recommendation of your proxy adviser? (if applicable)	0%	N/A	<i>Data not provided</i>	9%	N/A

Note:

- BNYM, NinetyOne and Morgan Stanley use Institutional Shareholder Services, "ISS", for proxy voting services. BNYM also utilises Glass Lewis for research. The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.
- Three of the equity managers (NinetyOne, Morgan Stanley and Fundsmith) were removed from the Scheme's portfolio in July 2023 hence the 12 months voting statistics are shown as at 30 June 2023.

The Trustees are satisfied that the voting and engagement activities undertaken by both Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities the Trustees have determined during the Scheme Year, hence the Trustees believe they have satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.

Appendix 1 – Engagement Examples

1. Engagement by the Fiduciary Manager (Schroders IS) in relation to underlying pooled funds held on behalf of the Trustees

In addition to the voting and engagement outlined in section 3 above, over the Scheme Year, the Fiduciary Manager also:

- engaged with the core credit manager, Neuberger Berman, regarding some particularly high emitting companies within the fund that was leading to higher than benchmark carbon footprint metrics;
- engaged with significant Underlying Investment Managers (in particular, BNYM) on the quality of its voting and engagement as the Fiduciary Manager was not satisfied with the quality of data previously provided.
- engaged with the three managers who were rated 'red-engagement' on Schroders' ESG scoring matrix.

The engagement activities and outcomes are outlined in the table below:

	Engagement	Progress over Scheme Year
Manager A – Equity	<ul style="list-style-type: none"> Engaged with the manager in Q4 following their decision to exit net zero asset manager initiative – engagement ongoing 	<ul style="list-style-type: none"> Overall rating and corporate pillar upgraded to green. Stewardship pillar upgraded to amber Introduction of staff ESG training programmes Evidenced a process to measure the success of their voting activities
Manager B – Alternatives	<ul style="list-style-type: none"> A number of engagements with various people in separate ESG functions across the business to understand what progress has already been made in the last 12m and what expectations are for the future Focus on Diversity & Inclusion (“D&I”) and how the manager has improved its processes and increased the effectiveness of its committee structure 	<ul style="list-style-type: none"> Improved scoring across all pillars and overall rating upgraded to amber The manager has become a signatory to UN PRI – the first mandatory reporting is due in May 2023 A formal ESG Investment Policy and a formalised approach to ESG across all portfolios
Manager C – Alternatives	<ul style="list-style-type: none"> A number of meetings with senior leaders in the business to understand what can be done to improve ESG integration at least within corporate functions 	<ul style="list-style-type: none"> Overall rating remains red engagement but in line with expectations given where the manager is in their ESG process Manager has launched an ESG statement (non-investment) with focus on Diversity, Equity and Inclusion (“DEI”) including an advisory council with senior business leaders involved to drive change Exploring the idea of having specific ESG resource at investment level

2. Examples of voting and engagement carried out by the Underlying Managers

Engagement Theme	Manager	Examples
Climate Change	T. Rowe Price	Health & Happiness
Natural Capital & Biodiversity	BNY Mellon	Darling Ingredients
Human Rights	Morgan Stanley	Nike

Climate Change – Health & Happiness

T. Rowe Price, one of the credit managers, had three objectives for their engagement of Health and Happiness (H&H). One was to request more details on their decarbonization journey, specifically a strategy for the firm to reduce the footprint of dairy cows in their supply chain. The Manager also wanted a timeline for full emission reporting, and lastly an update on progress towards achieving B-Corp Certification.

The following topics were discussed:

1. Continuous progress in decarbonization – T. Rowe Price believes that H&H has made some good progress but still does not provide full disclosure on its group-wide scope 1-3 emissions and is still looking to set a net zero target.
2. B-Corp Certification – H&H is confident that they are on track to achieve Group-wide B-Corp Certification by the end of 2025 with clear plan and milestone set.
3. Annual investment to support farmers in France since 2013 – H&H has been doing this to ensure ongoing sustainable supply of dairy products and lower carbon impact.

As a result of the engagement, T. Rowe Price imparted their views on best practices and asked that within the next 2 years the company would disclose its group-wide scope 1-3 emissions data and set net zero targets; and continue to work towards achieving B-Corp Certification.

Natural Capital & Biodiversity – Darling Ingredients, Inc.

In November 2022, BNY Mellon met with representatives for Darling Ingredients Inc. – including an independent director, the Vice President of Investor Relations and the General Counsel. They explained that the company intends to increase renewable fuel production by 150% by 2022. Through a partnership with Diamond Green Diesel, the company is the only vertically integrated renewable diesel producer in the world and is well positioned to achieve a goal to increase the amount of renewable green diesel generated. Current efforts remove the equivalent of nearly 600,000 cars from the road each year. Lastly, Darling Ingredients has a goal to reduce water withdrawal per unit processed by 5% by 2025. Critical water management in the facilities overall generates a positive return of water to the environment. The company has very detailed, robust disclosure and BNY Mellon look forward to continued engagement on this topic.

Human Rights – Nike, Inc.

This engagement example outlines Morgan Stanley's follow up to a shareholder proposal concerning supply chain issues that was tabled at Nike's 2021 AGM.

Morgan Stanley voted in favour of the shareholder proposal, against management and ISS recommendations. ISS (the Proxy Exchange platform used for the execution of Morgan Stanley's votes) suggested voting against the shareholder proposal as they felt the company provided sufficient disclosure related to its human rights policies and sustainable sourcing practices, and that the company was not lagging its peers in terms of human rights disclosure. However, the Manager chose to support the proposal as they believed it was important to apply pressure on a subject that posed a large supply chain risk and where information was scarce. Morgan Stanley then engaged further on the subject with the company, pressing them for information on their cotton sourcing policy, and any progress they had made on the traceability of the cotton they used.

Nike stated their commitment to not sourcing from Xinjiang, and outlined the actions they had taken with their suppliers regarding sourcing. They shared that they were actively working on tools to verify suppliers' claims on sourcing, adding two senior positions within the firm. Morgan Stanley considers this evidence that the shareholder resolution on the social risks of cotton sourcing – despite not passing – has led to positive changes. The Manager strongly encouraged the company to look into working with a sustainable cotton NGO that offers traceability and a company providing a new technology helping verify the origin of raw materials.

Since this engagement, Morgan Stanley have continued to follow up on the subject of supply chain management with the company.

Human Capital Management - Maximus, Inc.

BNYM met with representatives of Maximus, Inc. (MMS) in November 2022. They welcomed the company's implementation of a company-wide survey program to conduct more regular stakeholder "pulse checks." The company is committed to using the same provider for at least three years to collect consistent, trending data. During this meeting, the MMS representatives – amongst which were a member of the board of directors and the VP of Investor Relations and ESG – highlighted that the 2022 survey showed a marked improvement in its score and clearly demonstrates that its engagement initiatives are successful. BNY Mellon believe that transparency in employee engagement efforts by the company is an important way for shareholders to understand the workforce's view on their role at the company, and to highlight possible areas which could heighten concern about risk in attrition rates.

Corporate Governance – Boeing

Neuberger Berman, one of the credit managers, have spent 4 years engaging with Boeing following MSCI assigned Boeing a Very Severe Controversy Flag which put the company in the manager's engagement priority list. Neuberger Berman communicated with the issuer on concerns related to product safety of its 737 Max aircraft following two disasters that resulted in the deaths of passengers and crew and engaged with the company on their internal risk controls, oversight procedures, and governance structure given the revelation of design flaws with the 737 Max and inadequate attempts by the company to address the issue.

The engagement process was led by credit analyst within the team and included 13 discussions over a period of 4 years with the senior management including the CFO, Treasurer, and Investor Relations team. The issues raised included Boeing's risk controls, lack of oversight and inadequate governance structure. While the initial actions taken by Boeing were not always adequate, through manager's continued engagements, Boeing has addressed our concerns regarding its governance and risk controls.

Neuberger Berman consider this engagement as a successful example, as Boeing made the following changes:

- Boeing Improved its safety oversight standards through the creation of the independently managed "Aerospace Safety Committee" with responsibility to oversee and ensure the safe design, development, manufacture, production, operation, maintenance and delivery of aerospace products and services.
- Implemented an enterprise-wide Safety Management System "SMS" and established a Quality Management System "QMS" to fully embed safety and quality across total production process -Named a new chief aerospace safety officer with accountability to Boeing's Aerospace Safety Committee and created 4 operations councils overseeing all BA manufacturing, quality, supply chain and program management teams.
- Executive compensation changed with an increased focus on operational performance tied to product safety, employee safety, quality along with climate area.

Neuberger Berman will continue future engagements to address additional improvements that can and should strengthen BA's product safety and risk oversight systems. While the manager has and will continue to raise concerns regarding greater risk oversight procedures, ultimately the changes implemented by Boeing along with design improvements allowed the 737 Max to be recertified globally.

Diversity & Inclusion – Maximus, Inc.

This engagement took place in November 2022, when BNY Mellon met with representatives of Maximus, Inc. – including a member of the board of directors and the VP of Investor Relations and ESG. At their 2022 annual meeting, a shareholder proposal requesting the board oversee a third-party racial equity audit received majority support. Although BNYM did not support this proposal as they determined the company's disclosures around this topic are sufficient, they will still look for a robust response by the company when shareholder

proposals receive a majority report. The company explained that they are working with the third party and will expect to have the results of the survey in late 2023. The company did state that there was an overlap with what the proposal requested and what the company was working on internally already to enhance its diversity, equity, and inclusion program.

Appendix 2 – ESG, Voting and Engagement Policies

Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers of the Scheme's largest holdings can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	schroders-esg-policy.pdf https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	BNYM's voting and engagement policies are included in their semi-annual Mellon proxy voting report which can be found in the link below: https://www.mellon.com/content/dam/mellondotcom/insights/documents/fall-2023-proxy-voting-report.pdf
Neuberger Berman	https://www.nb.com/en/global/esg/engagement
Columbia Threadneedle Investments	https://docs.columbiathreadneedle.com/documents/Responsible%20Investment%20-%20Engagement%20policy%20and%20approach.pdf?inline=true#:~:text=At%20Columbia%20Threadneedle%20Investments%20we,assets%20and%20reo%C2%AE%20clients