

Ralph Trustees Limited Pension Scheme (the "Scheme") – Implementation Statement 2023/24

1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the Scheme's Statement of Investment Principles ("SIP") have been complied with during the year ending 5 April 2024.

In preparing this Statement, voting and stewardship policies, conflicts of interest and engagement activity of the Scheme's investment manager has been reviewed. This review has been conducted by the Scheme's Investment Adviser (Quantum Advisory), on the Trustees' behalf, and the Trustees have reviewed and approved the conclusions within this Statement.

2. Background

This Statement has been prepared by the Trustees, with the assistance of their Investment Adviser, in line with the current regulatory guidance that was in place at the Scheme year end.

3. Executive summary

Over the Scheme year:

- The Trustees' Investment Adviser has reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are content with their Investment Adviser's conclusion that the Scheme's investment manager has appropriately carried out their stewardship duties.
- The Trustees are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP. The SIP was last reviewed in July 2023 as a result of changes to the Scheme's investment strategy at the start of the Scheme year.
- The Trustees have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

The voting activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustees believe there is less scope to influence the practices within such arrangements.

Further details on each of these matters is presented in the pages that follow.

4. Reviews of the SIP over the Scheme year

The SIP was last reviewed and updated in July 2023 to reflect changes to the Scheme's investment strategy that were made at the start of the Scheme year.

5. Investment manager's voting and stewardship policies

Trustees' voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustees are unable to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustees have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees, with the assistance from their Investment Adviser, has reviewed the voting activities and stewardship policies of the funds/investment manager.

The Trustees do not currently have any stewardship priorities in place.

Over the Scheme year, the voting activities of the following funds have been reviewed by Quantum Advisory on behalf of the Trustees:

- Legal & General Investment Management ("LGIM") World Equity Index – GBP Hedged Fund
- LGIM Dynamic Diversified Fund

Manager's voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are strong and consistent with industry practice. The Trustees have approved the conclusion.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the Scheme year. The Trustees are satisfied with the level of voting activity that has been undertaken.

Statistic / Fund	LGIM World Equity Index – GBP Hedged	LGIM Dynamic Diversified
Number of equity holdings	2,915	7,258
Meetings eligible to vote at	2,982	9,651
Resolutions eligible to vote on	37,017	98,900
Proportion of eligible resolutions voted on (%)	99.8	99.8
Votes with management (%)	79.1	76.7
Votes against management (%)	20.8	23.1
Votes abstained from (%)	0.1	0.2
Meetings where at least one vote was against management (%)	75.3	73.2
Votes contrary to the recommendation of the proxy adviser (%)	15.5	14.1

Totals may not sum due to rounding. Source: LGIM. ¹ LGIM only provide information on a quarterly basis and therefore the statistics shown are over the year to 31 March 2024.

Quantum Advisory has noted that, as a whole, the voting activity meets expectations (see table above and Appendix 2) and the Trustees are satisfied with the voting activity that has been undertaken.

Significant votes over the reporting year

Quantum Advisory has reviewed a subset of the most significant votes cast by the LGIM on behalf of the Trustees and, as a whole, are comfortable with the votes cast and rationale.

The Trustees have interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by LGIM in accordance with the PLSA guidance.

Significant votes are classified according to the LGIM's definition. Which is detailed in Appendix 2. However, the Trustees have reviewed and is satisfied with the LGIM's classifications of significant votes.

A cross section of the most significant votes cast is contained in Appendix 2.

6. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed. These conflicts are not specific to the Scheme.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;

3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer;
5. Differences between the stewardship policies of managers and their clients.

LGIM have refrained from directly commenting on which of the conflicts of interest they are impacted by within the selected funds. In place of providing a direct response, LGIM referred the Trustees to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here:

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-conflicts-of-interest.pdf>

The Investment Advisor, on behalf of the Trustees, has reviewed the conflicts of interest policy.

Appendix 1 – LGIM’s stewardship and voting policies

LGIM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported.

LGIM’s Investment Stewardship team make all voting decisions, in accordance with LGIM’s Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM’s Investment Stewardship team uses Institutional Shareholder Services’ (“ISS”) ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM’s own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (“IVIS”) to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM’s position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Appendix 2 – Most significant votes

The tables below set out a cross section of significant votes undertaken by LGIM for the funds held by the Scheme.

In determining significant votes, LGIM’s Investment Stewardship team consider the criteria provided by the Pensions & Lifetime Savings Association consultation (“PLSA”). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

LGIM World Equity Index – GBP Hedged

Company Name	Alphabet Inc.	Exxon Mobil Corporation
Date of Vote	June 2023	May 2023
Summary of the resolution	Approve Recapitalization plan for all stock to have one-vote per share	Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario
Stewardship priority	Governance	Environmental
Size of the holding (% of portfolio)	1.2	0.7
How the firm voted	For	For
Was the vote against management and was this communicated beforehand?	The vote was against management but it was not communicated beforehand.	The vote was against management but it was not communicated beforehand.
On which criteria has the vote been deemed as ‘significant’?	This shareholder resolution is considered significant due to the relatively high level of support received.	LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.

Outcome of the vote	Vote did not pass.	Vote did not pass.
Do the Trustees/asset manager intend to escalate stewardship efforts?	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	LGIM will continue to engage with the company and monitor progress

Source: LGIM.

LGIM Dynamic Diversified

Company Name	Shell Plc	Berkshire Hathaway Inc.
Date of Vote	May 2023	May 2023
Summary of the resolution	Approve the Shell Energy Transition Progress	Require Independent Board Chair
Stewardship priority	Environmental	Governance
Size of the holding (% of portfolio)	0.3	0.1
How the firm voted	Against	For
Was the vote against management and was this communicated beforehand?	The vote was against management but it was not communicated beforehand.	The vote was against management but it was not communicated beforehand.
On which criteria has the vote been deemed as 'significant'?	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM considers this vote to be 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).
Outcome of the vote	The vote passed.	The vote did not pass.
Do the Trustees/asset manager intend to escalate stewardship efforts?	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: LGIM.