

# Implementation Statement

## 1. Introduction

The Trustee is required to make publicly available online statement ("the Implementation Statement") covering both the Defined Contribution ("DC") and the Defined Benefit ("DB") assets of the Research Machines plc 1988 Pension Scheme (the "Scheme") in relation to the Scheme's Statement of Investment Principles (the "SIP").

A copy of the current SIP signed and dated 6 March 2024 can be found here: <https://rmpensions.co.uk/schemes/rm-scheme-documents/>

This Implementation Statement covers the Scheme year from 1 June 2023 to 31 May 2024 (the "**Scheme Year**"). It sets out:

- Details of any review of and/or changes made to the SIPs.
- How the Trustee's policies on exercising voting rights and engagement have been followed over the Scheme Year;
- How, including the extent to which, the Scheme's SIPs has been followed over the year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

### The DB assets:

The Trustee is responsible for the investment of the Scheme assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustee uses the services of Schroders Solutions as "Fiduciary Manager". As a result, the Trustee sets the investment strategy and general investment policy but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to a professional Investment Manager (otherwise referred to as the Fiduciary Manager). The Trustee, with advice from their advisers, appoints and monitors the Scheme's Fiduciary Manager.

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 Trustee 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 Trustee of the Scheme, with the help of the Scheme's Fiduciary Manager, has complied with the new statutory guidance set by DWP.

### The DC assets:

The Scheme is not a qualifying Scheme for auto-enrolment purposes. The DC arrangements in the Scheme have been closed to new contributions and members since 31 October 2012. All the members in the Scheme with DC assets also have DB benefits, and for the vast majority of these members the DC benefits provide an underpin to the value of the DB benefits at retirement. There are also a small amount of "pure" DC benefits in the Scheme without an underpin.

The Trustee's primary objective for the DC investments is to invest the assets in a manner that is expected to outperform inflation over the long term, so as to grow member's asset in real terms, hence the DC assets are invested in the same manner as the growth assets in the DB Scheme. Management of investment risk is secondary to this target given the existence of the underpin on most member's DC benefits.

A copy of this Implementation Statement is available on the following website:

<https://rmpensions.co.uk/>

**The Trustee believes that it has acted in accordance with and followed the policies set out in the Statement of Investment Principles over the Scheme Year.**

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### 2. Details of any review of and/or changes made to the SIP

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The SIP was updated in March 2024 following the transfer of the DC assets without an underpin to being invested in the Schroder Stable Growth fund, which occurred during the Scheme Year. The Scheme therefore no longer has a separate DB and DC SIP but one combined document. Within the SIP, the Trustee sets out the responsibilities that have been delegated to Schroders Solutions, which include, but are not limited to, voting and engagement activities and monitoring of financially material investment considerations (including, but not limited to, ESG factors and Climate). The Trustee have also agreed to align their engagement priorities (recommended by the stewardship Guidance from DWP) with those of Schroders Solutions. Schroders Solutions' engagement priorities focus on six themes including climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance.

### 3. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

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As described in the SIP, the Trustee's approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustee's investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. The Trustee expects that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. Therefore, the Trustee has aligned their stewardship priorities with the Fiduciary Manager's.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value leading to sustainable benefits for the economy, the environment and society.*" Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustee's stewardship policy, the Trustee reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

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The Trustee is satisfied that the expectations outlined in the SIP in relation to stewardship have been met, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- ❖ Exclusions of Global Norms Violators as part of the security selection process. This ensures a closer alignment of the Scheme's investments with the Trustees' stewardship priorities, as violators are generally viewed as causing significant harm to People or Planet.
- ❖ Incorporation of SustainEx™ scoring into the core equity allocation process, in both the initial screening process and as a constraint at a total portfolio level. SustainEx™ is Schroders' proprietary tool to translate social and environmental impacts into financial costs.
- ❖ Conducting manager research to identify value-adding, climate-aware equity funds to potentially allocate some of the Scheme's capital to, subject to further due diligence.
- ❖ Introducing a cash fund that offers improved environmental characteristics to the Scheme's previous cash fund, with equivalent cost and return track record. After carrying out appropriate due diligence in early 2024, the Scheme's existing cash assets have now been invested in this fund.
- ❖ Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials.
- ❖ Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- ❖ Addition of voting and engagement examples to the quarterly ESG reporting provided to the Trustees, facilitating a more regular review throughout the year of the Underlying Investment Managers' stewardship activities.
- ❖ ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios.
- ❖ Introduction of new 'impact' metrics into quarterly reporting, such as Implied Temperature Rise (measuring the contribution of the Scheme's investments to global warming) and SustainEx™ scoring, to facilitate better Trustee oversight of the impacts of the Scheme's capital on the environment and society.

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee's behalf during the Scheme Year within the growth asset portfolio and the liability hedging portfolio, the Trustee 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 Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.

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- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

**Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.**

### 4. Implementation of the Trustee's SIP during the Scheme Year

In this section, we summarise the most significant activities undertaken in relation to the investment policies included in the Scheme's SIP, as amended through the Scheme Year, and in turn describe the actions and decisions taken by the Trustee over the Scheme Year and the extent to which these align with the policies stated within the SIP.

The Scheme's DC assets, on an actual basis for the "pure" DC benefits and on a notional basis for the DC benefits which provide an underpin, are invested alongside the Scheme's DB Growth Assets, in a pooled fund called the Schroder Stable Growth Fund, a dynamically managed multi-asset fund that is essentially a pooled fund implementation of the Fiduciary Management Growth Portfolio the Trustee has appointed Schroders Solutions to manage on a delegated basis, within certain parameters and restrictions.

**SIP policies relating to the Scheme which the Trustee considered the most material in the Scheme Year.**

Policy	Trustee actions over the Scheme year
Scheme Governance	The Trustee has delegated day-to-day investment decisions to the Fiduciary Manager.
	The Trustee met with the Scheme's advisers at least quarterly during the Scheme Year. The Trustee also engaged with the Sponsoring Employer to discuss changes to the investment strategy.
	The Trustee is satisfied that these meetings allow the Trustee to sufficiently engage in investment decision-making.
	The Trustee is required to review the SIPs at least every three years and this was last undertaken in March 2024 for both Sections.
	<b>The Trustee is satisfied with the current governance structure which is in line with the Trustee's policy stated in the SIP.</b>
Investment Objectives	<b>DB Section</b>
	The Trustee has set a series of qualitative and quantitative objectives for the Scheme in the SIP primarily relating to the actuarial funding of the Scheme.
	The Trustee reviewed investment performance metrics provided by the Fiduciary Manager and updated actuarial information provided by the Scheme Actuary each quarter and the Trustee was satisfied that investment performance met the investment objectives over the year, taking into account the market backdrop as context for investment performance.
	In particular, over the Scheme year, the Scheme's Funding Level on a Technical Provisions basis has improved and remains in surplus. The Trustee is satisfied that the improvement in the Scheme's funding level is a reflection of the robustness of the Scheme's investment strategy, as well as favourable market conditions. The Trustee continues to keep the investment strategy under review with the assistance of the Advisers and post Scheme Year. The Trustee implemented a de-risking step over the Scheme year to secure this funding gain, reducing target investment return from gilts +2.0% to gilts +1.5% and increasing hedging to 100% of Low Dependency Liabilities.

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### DC Section

The Trustee's primary objective for the DC investments is to invest the assets in a manner that is expected to outperform inflation over the long term, so as to grow members assets in real terms. To achieve this purpose, the DC assets are invested into a range of assets across equities and fixed income, in the same manner as the DB growth assets above.

**The Trustee believe it took appropriate actions to follow the Investment Objectives policy over the Scheme Year and will continue to review this policy in the next Scheme Year.**

### DB assets

The overall objective of the Scheme is to meet the benefit payments promised as they fall due and to do so the investment strategy is set with regard to the level of investment risk and return deemed appropriate, taking into account wider risks, for example, the Sponsoring Employer's covenant. The Trustee, with advice from various advisers, has monitored these considerations over the Scheme Year.

In September 2023, the Trustee received advice on a de-risk of Scheme's investment strategy to gilts+1.5% p.a. and agreed with Schroders Solutions to implement the strategy via a strategic asset allocation comprising of 25% Growth assets, 10% Structured Equity, 15% in Buy and Maintain Credit and the remaining 50% in Liability Hedging assets.

The Trustee has monitored the Scheme's progress against both the primary Technical Provisions funding objective and the Low Dependency basis, on at least a quarterly basis. This helps to guide Trustee decisions on strategy implementation, and set appropriate parameters for the Fiduciary Manager to manage the investment strategy against.

### Investment Strategy and Implementation

The Trustee also sets investment guidelines for the Fiduciary Manager which covers a range of investment factors such as diversification, performance, liquidity. These have been adhered to by the Fiduciary Manager throughout the year. The Trustee monitors the Fiduciary Manager against these investment guidelines on a quarterly basis through the quarterly monitoring reports and the Trustee is satisfied that such guidelines have been adhered to on the basis of such reports and, as a result, no further actions were taken by the Trustee in respect of these investment guidelines.

### DC assets

The Trustee has opted to invest the DC Section assets in a multi asset fund (the Schroder Stable Growth Fund) which invests in a wide range of asset classes, including equities, fixed income, cash and alternatives. This fund is expected to generate a return of SONIA + 3.375% p.a. and the Trustee monitor the performance of this fund on at least a quarterly basis.

Over the Scheme year, this transition of the DC assets into the Schroder Stable Growth Fund was completed.

**The Trustee is satisfied that it followed the Investment Strategy policy over the Scheme Year and will continue to review the investment strategy with the help of its advisors in the next Scheme Year.**

### Monitoring

The SIP requires states the Trustee's policy on to monitoring the performance of the Fiduciary Manager.

The Trustee has monitored the Underlying Investment Managers on a quarterly basis with the assistance of the Fiduciary Manager. The Trustee has not made any active decisions on the Scheme's Underlying Investment Managers over the Scheme Year.



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	<p>The Trustee is required to review the SIPs at least every three years or following any significant change in the Scheme's investment strategy. The SIP was last reviewed in March 2024 and the Monitoring policies policy were was updated to reflect the transition of the DC assets.</p> <p><b>The Trustee is satisfied it has complied with this policy throughout the Scheme Year.</b></p>
<p><b>Corporate Governance and Stewardship</b></p>	<p>The SIP outlines how the Trustee delegates responsibility around corporate governance and stewardship to the Fiduciary Manager. The Fiduciary Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Investment Managers. The Scheme's investments are generally made via pooled investment funds. As such, direct control of the process of engaging with the companies that issue these securities (whether equities, bonds, etc.) is generally delegated to the underlying investment managers.</p> <p>The Trustee continues to believe it is appropriate to delegate voting and engagements decisions to their Underlying Investment Managers in order to achieve an integrated and joined up approach to ESG factors, voting and engagement together. However, the Trustee aligned its stewardship policy with the Fiduciary Manager's as mentioned above. The Fiduciary Manager engaged directly with the Underlying Investment Managers on ESG factors and the Trustee's engagement priorities as part of the investment decisions being taken on behalf of the Trustee. The Trustee is satisfied that the they can also take account of direct engagement or other factors relating to any voting or engagement and respond to these (as appropriate).</p> <p>The Fiduciary Manager has been provided with a copy of the relevant SIP and is required to exercise its functions voting rights and to carry out engagement with the Underlying Investment Managers on behalf of the Trustee with a view to giving effect to the principles and policies contained in the SIP. The Fiduciary Manager undertakes regular reviews of all Underlying Investment Managers, including reviewing their stewardship policies, and actively engaging with them to align their engagement priorities with the Fiduciary Manager's which the Trustee has aligned with.</p> <p>Details of the voting stats and engagement for the majority of the Scheme's Investment relevant mandates where voting and engagement is relevant are included in within this Implementation Statement.</p> <p><b>The Trustee is satisfied it has complied with this policy throughout the Scheme Year.</b></p>
<p><b>Financially material factors specifically ESG and climate change considerations</b></p>	<p>The Trustee requires that the Fiduciary Manager considers financially material factors and ESG factors (including climate change) when choosing new or monitoring existing Underlying Investment Managers. The Trustee believes it is appropriate to delegate such decisions in order to achieve an integrated approach to ESG considerations, voting and engagement. The Trustee has therefore adopted the policy following the appointment of the Fiduciary Manager.</p> <p>The Trustee believes the current approach to ESG and climate change policiesthis policy is in members and beneficiaries' best interest, given ESG consideration is embedded deeplyintegrated in the Fiduciary Manager's investment process and solutions, which considers the impact of the ESG characteristics and including climate change at a total portfolio level &amp; implications foron the risk and return on investmentsof the Scheme's portfolio. The Trustee also believes the voting and engagement process carried out by both Fiduciary Manager and Underlying Investment Managers is expected to improve ESG related risk management as well as</p>

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climate risk which ultimately is expected to improve the financial outcome for the Scheme's members.

The Fiduciary Manager provides the Trustee with monitoring of the ESG characteristics including TCFD ("Taskforce for climate-related financial disclosures") aligned carbon metrics of the portfolio each quarter and will continue to provide this on a quarterly basis going forwards. The Trustee is satisfied with the Fiduciary Manager's activities in this area.

In addition, the Trustee received Schroder's Solutions Annual ESG report, detailing how ESG is integrated into Schroders Investment Process and detail on voting and engagement activities.

**The Trustee is satisfied it has complied with this policy throughout the Scheme Year, and will continue to monitor the development in ESG policies of the Fiduciary Manager in the coming years.**

This section of the SIP sets out how risks are monitored and managed within the Scheme. Many of these aspects are also covered in various other parts of the SIP and hence in this section there may be some repetition from other parts of the Implementation Statement. As a result, the Trustee covers only the most material risks here. The Trustee is satisfied that risks are monitored in line with the SIP on the basis set out below.

### DB Section

For the DB benefits, the key risk considered is funding and asset/liability mismatch risk – i.e. the risk that the Scheme's funding position will not improve over time as expected. This is mitigated primarily through setting an investment objective relative to a Liability Benchmark, which the Trustee monitors on a quarterly basis, and adopting an investment strategy which hedges a large portion of the interest rate and inflation risks linked to the valuation of the liabilities.

In addition, the Sponsoring Employer's covenant (i.e. the ability to meet its funding obligations to the Scheme) was also monitored throughout the Scheme Year.

### Risk management

The Trustee has also set investment guidelines for the Fiduciary Manager which cover a range of risks to manage which are mitigated by minimum or maximum asset class allocation ranges, concentration limits, counterparty restrictions and risk parameters. The Fiduciary Manager has operated within these restrictions throughout the Scheme Year. The Trustee has monitored the Fiduciary Manager against the investment guidelines on a quarterly basis through quarterly monitoring reports and is satisfied that the guidelines have been adhered to on the basis of those reports.

### DC Section

For the DC Section, the primary risk is the risk of inadequate returns, given DC members benefits are dependent on the investment returns achieved. The Trustee is satisfied that performance has been sufficient over the year to mitigate this risk.

There are additional risks considered, such as Investment Manager risk and risk from excessive charges. The Trustee is satisfied that these and other risk areas are kept under review and that the Fiduciary Manager has operated within the restrictions and safeguards agreed.

**Therefore, the Trustee is satisfied it has complied with this policy through the Scheme Year**

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### Non-financially material factors

In line with the SIP, the Trustee does not at present take into account non-financial matters (such as members' ethical considerations) when making investment decisions as the Trustee believes it is unlikely there is a common view amongst the membership on ethical matters.

**Therefore, the Trustee is satisfied it has complied with this policy through the Scheme Year**

## 5. Voting and Engagement Summary

The Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees, in line with the Trustees' stewardship policy.

Given the voting information provided by the managers is as at 30 June 2024, we have presented this as a proxy for the 31 May 2024. The voting stats outlined relate to the DB Section of the Scheme. The DC assets are invested in a similar manner through the Schroders Stable Growth Fund, excluding investments in Alternatives and Hedge Funds.

### Voting by the Fiduciary Manager

Over the year to 30 June 2024, regarding clients' pooled fund investments<sup>1</sup>, the Fiduciary Manager voted on 59 resolutions across 10 meetings. The Fiduciary Manager voted against management on 4 resolution (6.8% of total resolutions) and abstained on 19<sup>2</sup> resolutions (32.2% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

### Voting by the Underlying Investment Managers

#### Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the BNY Mellon Schroder Solutions Global Equity Fund;
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes.

The BNYM Global Equity Fund constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustees' stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog<sup>3</sup>.

<sup>1</sup> The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

<sup>2</sup> 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 voting 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.

<sup>3</sup> Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>



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Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustees have selected one vote relating to each of the priority themes that they deem most material to the long-term value of the investments. These votes are hereby defined as “most significant votes”, and as per DWP guidance, the Trustees have communicated this definition of “most significant votes” to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

**CLIMATE CHANGE** – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company’s commitment to support the goals of the Paris Agreement and the Norwegian Government’s expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to “specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals”. This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement’s most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders’ proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

**NATURAL CAPITAL AND BIODIVERSITY** - At the General Motors Company annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to “disclose the company’s policies on the use of deep-sea mined minerals in its production and supply chains”. This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is “working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made”. The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company’s position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company’s position on DSM but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders’ proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

**HUMAN RIGHTS** – At the JP Morgan Chase Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report “outlining the effectiveness of JPMorgan Chase Co.’s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.” Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company’s ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

**CORPORATE GOVERNANCE** – At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters

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subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespeth Benefits and Investments, led by the Treasurer for the State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders' support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

**HUMAN CAPITAL MANAGEMENT** – At the Goldman Sachs Group, Inc. annual general meeting (AGM) on 24 April 2024, Schroders voted for a shareholder resolution asking the board to publish an annual report describing and quantifying the effectiveness and outcomes of GS' efforts to prevent harassment and discrimination against its protected classes of employees. Schroders argue that support for this proposal is warranted as the company has failed to adequately address concerns regarding ongoing harassment and discrimination at the company, and the resulting reputational and financial risk. Shareholders would benefit from greater transparency on how the company is managing these issues, and what steps are being taken to improve the company's culture. Schroders believe how they have voted is in the best financial interests of clients' investments. Management voted against this resolution, believing that the adoption of the proposal is unnecessary given their "zero tolerance" approach to harassment and discrimination. This shareholder resolution was not approved, so Schroders intend to engage with Goldman Sachs on the topic raised in this resolution as well as others over the coming year.

**DIVERSITY AND INCLUSION** – At the Exxon Mobil Corp. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution requesting an additional pay report on gender and racial basis. Proponents of the resolution highlight that racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. And since the United Kingdom and Ireland mandate disclosure of median gender pay gaps, Exxon Mobil already provides this information for United Kingdom employees, so investors should be able to expect the same level of disclosure for all employers. Schroders believe that reporting would better show structural issues around diversity and therefore believe that it is in the best financial interests of their clients. Management voted against this proposal as they argued that their annual "Investing in People" report goes beyond disclosing their EEO-1 data and therefore makes the proposal unnecessary. This shareholder proposal was unsuccessful, and so Schroders intend to engage with Exxon Mobil on the topic raised in this resolution as well as others over the coming year.

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### Summary Voting Statistics

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 30 June 2024 for the most material, active funds held on behalf of the Trustees that had voting rights during the period.

<i>Equity Funds</i>	<b>BNYM Global Equity Fund</b>	<b>Morant Wright Fuji Yield Japanese Fund</b>	<b>FSSA All China Fund (1 Nov 23 – 30 Jun 24)</b>
Total meetings eligible to vote	816.0	59	74
Total resolutions eligible to vote	10,183	756	731
Of resolutions eligible to vote, % of resolutions voted on	96%	100%	100%
Of voted resolutions, % vote with management	87%	88%	93%
Of voted resolutions, % vote against management	13%	12%	7%
Of voted resolutions, % abstained	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	11%	N/A	7%

### Note:

- Votes for the BNYM Global Equity Fund are an aggregation of votes exercised by BNY Mellon over H2 2023 and Schroders Investment Management over H1 2024.
- BNY Mellon uses Institutional Shareholder Services, "ISS", for proxy voting services and Glass Lewis for research. Schroders Investment Management use Glass Lewis "GL" for proxy voting services and receive ISS's Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor.
- 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.
- A new equity fund, **FSSA All China**, held at the Scheme Year-end, was introduced into the Growth portfolio in November 2023. Due to the Scheme's limited investment period in this fund during this Scheme Year, the Trustee has elected to not include the 12-month voting statistics for this fund, and only report on the activity over the months invested.

## Implementation Statement (Cont)

<i>Alternative Funds</i>	<b>Lumyna Marshall Wace - TOPS (Market Neutral) Fund</b>	<b>Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund</b>	<b>Lumyna Marshall Wace - Systematic Alpha Fund</b>	<b>North Rock Fund</b>
Total meetings eligible to vote	<i>Data not provided</i>	<i>Data not provided</i>	<i>Data not provided</i>	340
Total resolutions eligible to vote	5535	2622	5165	<i>Data not provided</i>
Of resolutions eligible to vote, % of resolutions voted on	97%	97%	99%	100%
Of voted resolutions, % vote with management	75%	60%	75%	100%
Of voted resolutions, % vote against management	12%	8%	12%	0%
Of voted resolutions, % abstained	12%	31%	14%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	9%	0%

### Note:

- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services.
- Lumyna Marshall Wace 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 have been rounded but 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.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.

Voting statistics have not been reported for one of the Underlying Investment Managers of the Scheme's alternative asset allocation, as they did not respond to the stewardship data request from the Fiduciary Manager. Following engagement with the Fiduciary Manager, this Underlying Investment manager has agreed to provide voting statistics for the Trustee to review going forward. Unfortunately, the voting data for the 12 months to 30 June 2024 was not received from this manager prior to the publication of this Implementation Statement. The Fiduciary Manager will continue to engage with this manager on behalf of the Trustee to request this data.

**The Trustee is satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.**

## Implementation Statement (Cont)

# Appendix 1 – 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	<a href="#">schroders-esg-policy.pdf</a> <a href="https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf">https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf</a>
Bank of New York Mellon	<a href="https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf">https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf</a>
Morant Wright	<a href="https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf">https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf</a>
T Rowe Price	<a href="https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf">https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf</a>
Neuberger Berman	<a href="https://www.nb.com/en/global/esg/engagement">https://www.nb.com/en/global/esg/engagement</a>