

# Electrosonic Pension Scheme

## Purpose of this statement

This implementation statement has been produced by the Trustees of the Electrosonic Pension Scheme ("the Scheme") to set out the following information over the year to 31 January 2025.



how the Trustees' 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 manager on behalf of the Trustees over the year, including information regarding the most significant votes;

The voting and engagement behaviour is not given over the year to the Scheme year end of 31 January 2025 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 December 2024.



## Conclusions

Based on the information received, the Trustee believes that the investment manager has 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 Scheme invests solely through pooled investment vehicles, where the Scheme's assets only represent a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the manager. Additionally, the Trustees implemented a de-risked investment strategy for the Scheme in Q4 2023 and don't currently hold assets with voting rights attached.

Given the Scheme's time horizon to buy-out, the Trustee decided not to set stewardship priorities. However, the Trustees take stewardship, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment manager annually.

## Trustees' policies on voting and engagement

The Trustees' Statement of Investment Principles ("SIP") in force at December 2023 describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

*"The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment manager on the Trustees' behalf. In doing so, the Trustees expect that the investment*

*manager will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.."*

The Trustees' SIP was reviewed in September 2020 to comply with regulations that came into force on 1 October 2020. The Trustees' SIP has since been reviewed in March 2022 and in December 2023 following changes made to the Scheme's investment strategy and the latest version has been made available online here:

<https://schemedocs.com/download/Electrosonic-Pension-Statement-Investment-Principles.pdf?ver=2024>

## How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment manager, Legal & General Investment Management ("LGIM"). LGIM has confirmed that they are signatories to both the Financial Reporting Council's UK Stewardship Code 2012 and UK Stewardship Code 2020.

The Trustees, with input from their investment consultant, annually receive and review (through their Implementation Statement), the voting information (if applicable) and engagement policies of their investment manager to ensure alignment with their own policies. The findings of the Trustees' review are reported in this Implementation Statement, which will also be included in the Scheme's Annual Report and Accounts for the year to 31 January 2025.

Having reviewed the data presented below in accordance with their policies, the Trustees are comfortable the actions of the investment manager are in alignment with the Scheme's stewardship policies.

Periodically the Trustees receive and review voting information and engagement policies from both the investment manager, which they review to ensure alignment with the Trustees SIP. The Trustees believe that the voting and engagement activities undertaken by the investment manager on their behalf have been in the members' best interests.

**Prepared by the Trustees of the Electrosonic Pension Scheme**

**18 June 2025**

## Voting Data

At this time, the Trustee has not set stewardship priorities for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. Additionally, the Scheme currently invests in the LGIM Buy-out Aware Funds, which consist of LGIM's credit and liability driven investment ("LDI") funds. Voting is not applicable to these funds as they invest only in fixed income assets, which have no voting rights. The Trustees have 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 Trustees consider it a part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Scheme.

Engagement activities are limited for the LDI holdings of LGIM's Buy-out Aware Funds due to the nature of the underlying holdings. The two main components of LDI are gilts and derivatives (including swaps). Given that the UK government has no human rights violations and has shown a willingness to engage on climate change issues, engagement is not a major concern when investing in gilts, however examples of engagement with the UK government have been provided below.

Derivatives are contracts which the scheme or LDI pooled fund will trade with banks and ESG factors can be applied to banks. However, choosing which bank to trade derivatives with is a distinctly different decision to deciding which bank to buy shares in, whereby ESG factors would be an important consideration. This is because the derivatives that the pension scheme or LDI fund holds are collateralised and/or centrally cleared which reduces the risk that if a bank defaults, there is an adverse effect on the scheme or LDI fund. Engagement therefore has a largely limited impact on the holdings.

Engagement data shown below is at an overall firm level and is summarised to 31 December 2024.

Manager	LGIM
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes
<b>Number of engagements undertaken at a firm level in the year</b>	4,060
<b>Number of companies engaged with at a firm level in the year</b>	3,808
<b>Examples of engagements undertaken</b>	Board composition, climate change, climate impact pledge, deforestation, diversity, ethnic diversity, human rights, income equality, remuneration and strategy

Source: LGIM

## Examples of engagement activity undertaken over the year to 31 December 2024

Given a large proportion of the Scheme's assets is held in UK government bonds, the engagement examples provided refer to an engagement from LGIM regarding public policy in the UK as well as a corporate engagement.

### **IIGCC: Climate Transition Working Group**

LGIM has been an active member of the Institutional Investors Group on Climate Change (IIGCC) since 2011. As part of its commitment to advancing the net zero transition, LGIM participates in several of the IIGCC's initiatives, including the Climate Action 100+, Nature Action 100, and the Net Zero Asset Managers initiative. Through these partnerships, LGIM contributes to collective investor efforts aimed at aligning the real economy with the goals of the Paris Agreement.

As a member of the IIGCC Climate Transition Working Group, LGIM plays an active role in reviewing and providing feedback on draft methodologies developed by the IIGCC, particularly those relating to carbon measurement, target setting, and benchmarking. This engagement is essential to ensure that the frameworks being developed are robust, actionable, and reflective of the practical challenges investors face – especially —especially in relation to complex areas such as Scope 3 emissions.

In the final quarter of 2024, LGIM participated in the latest Working Group meeting, where it contributed to discussions on the evolving methodologies and shared insights alongside other asset managers. During this session, the IIGCC also presented new guidance on assessing decarbonisation targets for gas within utility companies – a —a key area of interest given the sector's role in the energy transition. This guidance has since been published and will inform future corporate assessments.

Given the IIGCC's significant influence across both the corporate landscape and public policy dialogue, LGIM will continue to contribute to the Climate Transition Working Group. Looking ahead, LGIM intends to support the development of further guidance in areas such as nature-related risks and carbon lock-in – where —where infrastructure investment decisions may extend reliance on fossil fuels. LGIM recognises the importance of this collaborative policy engagement in shaping a more sustainable and resilient financial system.

### **Yara International**

LGIM has been a member of the ShareAction's Chemical Decarbonisation Investor Coalition ("the Coalition") since 2021, a collaboration aiming to engage with 13 leading European chemical companies, to encourage them to align their decarbonisation strategies with the goal of limiting global warming to 1.5°C. The chemicals sector is responsible for over 6% of global greenhouse gas (GHG) emissions and is crucial to a multitude of manufactured goods and industrial processes with 95% of manufactured products relying on this sector.

Following a three-year engagement, in December 2024, LGIM met with Yara International's ("Yara") CEO for the first time to discuss their upcoming transition plan and capex strategy. This engagement was in response to a shareholder resolution filed by ShareAction and four Coalition investors, which LGIM voted in favour of at Yara's 2024 AGM ("annual general meeting"). LGIM's objective of the engagement was to continue dialogue with the company to include ambitious Scope 3 targets and implementation plans in its upcoming Transition Plan, which is due to be published in 2025. LGIM's aim was to clearly convey the Coalition's expectations to Yara's leading executive during a pivotal period of planning.

In terms of next steps, LGIM will monitor Yara's progress in this regard and analyse their forthcoming Transition Plan. This will determine the future direction and objectives of LGIM's engagement.

Source: LGIM