

Suttons Consumer Products Limited Staff Pension Plan

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Suttons Consumer Products Limited Staff Pension Plan ("the Plan")** to set out the following information over the year to **30 June 2024**:

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

How voting and engagement policies have been followed

Based on the information provided by the Plan's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- Baillie Gifford and Legal & General Investment Management ("LGIM") have both confirmed that they are signatories to both the Financial Reporting Council's UK Stewardship Code 2012 and UK Stewardship Code 2020.
- With input from their investment consultant, the Trustees annually receive and review (through their Implementation Statement) the voting information and engagement policies of their investment managers to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented below, the Trustees are comfortable the actions of the investment managers are in alignment with the Plan's stewardship policies.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2023 and has been made available online here: <https://schemedocs.com/suttons-consumer-statement-investment-principles.html>

There have been no changes to the Trustees' stewardship policy over the year to 30 June 2024. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Plan's investment managers.

The Trustees decided not to set stewardship priorities for the Plan because the Plan solely invests through pooled investment vehicles where the Plan's asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. In addition, as at 30 June 2024, just over 10% (i.e. c.£610k) of the Plan's assets were invested in assets with voting rights attached following de-risking steps taken at the start of the Plan year. Given improvements in the Plan's funding position, reducing risk (and hence the allocations to assets with voting rights attached) is the likely direction of travel for the Plan. The Trustees take stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually through their Implementation Statement.

**Prepared by the Trustees of the Suttons Consumer Products Limited Staff Pension Plan
September 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's Growth Portfolio on behalf of the Trustees over the year to 30 June 2024. The Plan invests entirely in pooled funds and therefore the Plan's investment managers vote on behalf of the Plan's holdings in the pooled funds.

Voting is not applicable to the following LGIM funds: Absolute Return Bond ("ARB") Plus Fund, LGIM ARB Fund, LGIM Sterling Liquidity Plus Fund and the LGIM Liability Driven Investment ("LDI") holdings, as these funds invest only in fixed income assets, which do not have voting rights. Therefore, no voting data for the LGIM funds is presented for the purpose of this Implementation Statement.

The Baillie Gifford Multi Asset Growth Fund, which invests in a diverse range of asset classes is included below as the equity holdings of these funds carry voting rights.

Manager	Baillie Gifford
Fund name	Multi Asset Growth Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	47
No. of eligible votes	547
% of resolutions voted	94.9%
% of resolutions abstained¹	1.4%
% of resolutions voted with management¹	95.0%
% of resolutions voted against management¹	3.7%
Proxy voting advisor employed²	n/a
% of resolutions voted against proxy voter recommendation	n/a

Source: Baillie Gifford

Totals may not sum due to rounding.

¹As a percentage of the total number of resolutions voted on

²Baillie Gifford do not delegate/ outsource any stewardship activities and all client voting decisions are made in-house in line with their policy.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities/ themes. The Trustees have not set stewardship priorities/ themes and therefore for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy.

A summary of the significant votes provided to 30 June 2024 is set out below. Baillie Gifford have provided a selection of votes which they believe to be significant, and in the interest of concise reporting, 3 of these have been shown.

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	American Tower Corporation	Rexford Industrial Realty, Inc.	Equinix, Inc.
Date of vote	22 May 2024	11 June 2024	23 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	0.8%	1.0%
Summary of the resolution	Shareholder Resolution - Social	Remuneration	Appoint/Pay Auditors
How the manager voted	For	Against	Against
Rationale for the voting decision	Baillie Gifford supported a shareholder resolution requesting the company report its unadjusted median pay gaps and adjusted pay gaps across race and gender. They believe this type of data provides valuable insight into pay equity and understanding the progress the company is making to address inequality.	Baillie Gifford opposed the executive compensation as they do not believe the performance conditions are sufficiently stretching.	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. They believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	Following the AGM Baillie Gifford explained their rationale for supporting this proposal. The company acknowledge the significant support the proposal received and in response are assessing their ability to report unadjusted and adjusted pay gaps.	Baillie Gifford once again communicated their reservations over the inclusion of a relative TSR metric which allows for vesting below median in the executive pay plan. In line with previous correspondence, Baillie Gifford encouraged the company to adopt more stretching targets going forward.	This is the second year Baillie Gifford have opposed the ratification of the auditor due to long tenure. They endeavour to follow up with the company to relay their thoughts on the benefits of regularly rotating the external auditor.

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed remuneration.	The resolution is significant because Baillie Gifford opposed the election of auditors.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year to 30 June 2024 for the relevant funds.

Engagement activities are limited for the Plan's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Baillie Gifford*	LGIM	LGIM
Fund name	Multi Asset Growth Fund	Absolute Return Bond Fund	Absolute Return Bond Plus Fund (GBP Hedged)
Number of engagements undertaken on behalf of the holdings in this fund in the year	35	398	341
Number of entities engaged on behalf of the holdings in this fund in the year	24	200	181
Number of engagements undertaken at a firm level in the year	744	5,003	
Examples of engagement undertaken	See below	Top five engagement topics: Climate change, deforestation, remuneration, strategy, ethnic diversity.	

*Data shown for the year to 31 December 2023

Examples of engagement activity undertaken over the year to 30 June 2024

Baillie Gifford Multi Asset Growth Fund

Prologis

As part of Baillie Gifford's ongoing commitment to sustainable investments, they met with Suzanne Fallender, Vice President of Global ESG at Prologis. The primary purpose of this engagement was to gain deeper insights into Prologis's climate strategy and to discuss key elements of the company's 2022-2023 ESG report.

The conversation focused on Prologis's efforts to integrate sustainability into its business model, particularly its approach to reducing carbon emissions and managing climate-related risks. This dialogue also allowed Baillie Gifford to provide feedback on how they expect the company to advance its environmental initiatives, specifically in terms of transparency, goal-setting, and long-term impact.

Prologis emphasised its commitment to reducing its environmental footprint, underscoring the strategic importance of sustainability within its broader corporate objectives. While acknowledging the challenges of transitioning to greener operations across a global portfolio, Prologis reiterated its focus on improving efficiency, increasing renewable energy adoption, and ensuring resilient supply chains.

This engagement has enhanced Baillie Gifford's understanding of Prologis's approach to ESG challenges, and they were able to reinforce their expectations around robust climate strategy, disclosure practices, and ambitious sustainability goals.

LGIM

Volkswagen

Volkswagen is one of the largest automotive manufacturers in the world, with production facilities across multiple regions. Volkswagen has a particularly large presence in China, where it has been present since the 1980s. China comprised just under 40% of the company's global vehicle deliveries in 2022. Volkswagen opened a plant in Urumqi, Xinjiang in 2013. Over recent years, multinational corporations have faced allegations of using forced labour in their operations in this region. In late 2022, MSCI responded to allegations of forced labour by assigning a red controversy flag to Volkswagen.

LGIM has maintained a regular and continuous dialogue with the company for many years regarding strategic direction and other governance questions. Since MSCI assigned a red flag controversy in late 2022, LGIM increased their dialogue with the company further, and have engaged on the question of human rights and the company's presence in Urumqi with senior management including the CFO and head of treasury, as well as investor relations. Communication has taken place via multiple communication channels, including in person, conference calls and written correspondence.

LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner.

Following multiple discussions with investors, Volkswagen resolved to obtain an independent audit of its plant in Xinjiang, which was conducted in December 2023. This audit has been conducted by a high profile and well-respected body and appears to address the main concerns around operations at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag. As a result of the removal of the red flag, it is now possible for a greater proportion of LGIM funds to participate in new bond issuances.

LGIM will continue to engage with Volkswagen on the subject of human rights and other governance topics, including the long-term future of the plant in Xinjiang and retain an open dialogue with the company and its management.