

# Implementation Statement

## Adia Holdings (UK) Pension Scheme

### Scheme year ended 5 April 2024

#### Purpose of this statement

This implementation statement has been produced by the Trustee of the Adia Holdings (UK) Pension Scheme (**"the Scheme"**) to set out the following information over the year to 5 April 2024:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The voting behaviour and engagement data is not given over the Scheme year end to 5 April 2024 because investment managers only report on this data quarterly, and so we have given the information over the year to 31 March 2024.

#### Stewardship policy

The Trustee's Statement of Investment Principles (SIP) describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2021 and has been made available online here:

<https://schemedocs.com/adia-holdings-statement-investment-principles.html>

There have been no changes to the Trustee's stewardship policy over the year.

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

At this time, the Trustee has not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

#### How voting and engagement/stewardship 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 fund managers.

At the Scheme's year end, the Scheme's assets were invested in twenty-one funds with two managers: Legal and General Investment Management ("LGIM") and Baillie Gifford.

The Trustee, with input from its investment consultant, annually receives and reviews (through its Implementation Statement), voting information and engagement policies of the investment managers to ensure alignment with its own policies. The findings of the Trustee's review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report and Accounts.

Having reviewed the above in accordance with its policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the Adia Holdings (UK) Pension Scheme  
July 2024**

## Voting Data

This section provides a summary of the voting activity undertaken by Baillie Gifford within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 31 March 2024. The Scheme's holdings with LGIM have no voting rights and limited ability to engage with key stakeholders given these funds only invest in fixed income assets.

Manager	Baillie Gifford
<b>Fund name</b>	Multi-Asset Growth Fund
<b>Structure</b>	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
<b>No. of eligible meetings</b>	51
<b>No. of eligible votes</b>	517
<b>% of resolutions voted</b>	91.5%
<b>% of resolutions abstained</b>	0.6%
<b>% of resolutions voted with management<sup>1</sup></b>	96.8%
<b>% of resolutions voted against management<sup>1</sup></b>	2.5%
<b>Proxy voting advisor employed</b>	Voting is in line with their in-house policy and not with proxy voting providers' policies.
<b>% of resolutions voted against proxy voter recommendation</b>	n/a

<sup>1</sup> As a percentage of the total number of resolutions voted on

## 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. At this time, the Trustee has not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Baillie Gifford have provided a selection of 10 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below. Baillie Gifford did not provide any significant votes relating to environmental issues, so the votes in the table cover social and governance related issues.

A summary of the significant votes provided is set out below.

### Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	American Tower Corporation	Rexford Industrial Realty Inc.	Montea NV
<b>Date of vote</b>	24 May 2023	5 June 2023	25 January 2024
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.29%	0.90%	0.21%
<b>Summary of the resolution</b>	Appoint/Pay Auditors	Opposing remuneration policy	Amendment of Share Capital
<b>How the manager voted</b>	Against	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	No	No
<b>Rationale for the voting decision</b>	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. Baillie Gifford 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.	Baillie Gifford opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching.	Baillie Gifford supported two proposals which related to the renewal of the authorisation to increase share capital. They believe it is in the interest of shareholders for the company to have unfettered access to equity to enable them to exploit the current window of opportunity of external growth.
<b>Outcome of the vote</b>	Pass	Pass	Pass

	Vote 1	Vote 2	Vote 3
<b>Implications of the outcome</b>	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. Baillie Gifford asked about plans to tender last year but did not receive a response. This year they decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.	Following the AGM Baillie Gifford contacted the company to explain their decision to oppose compensation for the second year in a row. This is due to concerns with the stringency of the performance targets which allow for payout when underperforming the chosen benchmark on total shareholder return. Baillie Gifford asked for them to increase the stringency of their targets. They have not yet had a response from the company but will monitor any changes.	The company sought Baillie Gifford's opinions ahead of the shareholder meeting. Baillie Gifford were supportive of their request for capital as it puts them into a good position to exploit the current window of opportunity for external growth.
<b>Criteria on which the vote is considered "significant"</b>	This resolution is significant because Baillie Gifford opposed the election of auditors.	This resolution is significant because Baillie Gifford opposed remuneration.	This resolution is significant because it received greater than 20% opposition.

## 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 over the year to 31 March 2024 for the relevant funds.

Engagement activities are limited for the Scheme'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
<b>Fund name</b>	Multi Asset Growth Fund	AAA-AA-A Bonds All Stks Index Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	11	119
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	11	45
<b>Number of engagements undertaken at a firm level in the year</b>	748	2,144

Source: Baillie Gifford, LGIM

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

### Baillie Gifford - Multi Asset Growth Fund

#### Hydro One Limited - Environmental

Given its geographical focus in Ontario, Canada, Hydro One is exposed to extreme climate risk events primarily related to snowstorms and ice storms. These can significantly impact electrical infrastructure. Ongoing resilience

management activities are linked to the company's customer service reliability and, relative to some of its North American peers, Hydro One is more forthcoming about its exposure to extreme climate risks in terms of disclosure and its efforts to mitigate such risks. This relates partly to its starting point as a recently privatised entity, which creates a meaningful opportunity for capital investment to address emerging physical climate risks.

Baillie Gifford discussed how the company has been undertaking a series of stress-testing exercises, the output of which will feature in a Climate Adaptation Report outlining the company's strategy, scope and scale of actions for mitigating extreme climate risk. The company's ambition is to use this report to proactively argue the case with the regulator for increased investment in the rate base, which, if materialised, could act as a notable additional driver of earnings growth.

A key milestone is to engage with the company's upcoming Climate Adaptation Report (to be published during the first half of 2024) to learn more about how extreme climate-related risks are quantified.

## **LGIM**

### **APA – Climate/Governance**

APA is Australia's largest energy infrastructure business. Under LGIM's Climate Impact Pledge campaign, they have been engaging with the company directly since 2022; as one of their selected 'dial mover' companies, they believe it has the scale and influence across its industry and value chain for its actions to have positive reverberations beyond its direct corporate sphere.

LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

When APA Group brought its climate transition plan to a vote, LGIM were unable to support it: although the plan presented Scope 1 and 2 goals for the medium and long term on a path to achieving net zero emissions by 2050, no Scope 3 targets were included. The company noted that these would be finalised no later than 2025. LGIM initiated engagement with the company after this vote, and met with them for the first time in early 2023 as part of their Climate Impact Pledge engagement, and have continued to build the relationship, setting out their expectations as per their net zero guide, and working with the company to understand the hurdles it faces and the challenges to meeting these expectations.

In their meeting with them in early 2024, APA confirmed that they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outlined their proposed Scope 3 reduction pathway. The company noted that feedback from the 20% of investors, including LGIM, who voted against their proposed Climate Transition Plan in 2022, had solidified their decision to commit to a Scope 3 target. This demonstrates the effect of LGIM's engagement strategy, fully aligned with their voting policy, to encourage progress towards decarbonisation.