

## Implementation Statement

# Roevin Management Services Limited Retirement Benefits Scheme

## Purpose of this statement

This implementation statement has been produced by the Trustee of the **Roevin Management Services Limited Retirement Benefits Scheme ("the Scheme")** to set out the following information over the year to **30 September 2024**:



how the Trustee's 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 managers on behalf of the Trustee over the year, including information regarding the most significant votes.



## Conclusions

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustee is supportive of the key voting action taken by the applicable investment managers over the period to encourage positive governance changes in the companies in which the investment managers hold shares.

## Stewardship policy

The Trustee's SIP in force at 30 September 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in 2024 and has been made available online here:

<https://schemedocs.com/download/roevin-management-statement-investment-principles.pdf>

The Trustee will monitor and engage with the investment managers about relevant matters (including business performance, strategy, capital structure, management of conflicts of interest, ESG and corporate governance matters), through the Scheme's investment consultant.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustee will, with input from their investment consultant, monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

## How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following way:

- 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.

**Prepared by the Trustee of the Roevin Management Services Limited Retirement Benefits Scheme  
January 2025**

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 30 September 2024. The LDI and cash funds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Baillie Gifford	Janus Henderson
<b>Fund name</b>	Multi Asset Growth Fund	Multi Asset Credit Fund
<b>Structure</b>	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	50	1
<b>No. of eligible votes</b>	623	2
<b>% of resolutions voted</b>	94.9%	100%
<b>% of resolutions abstained<sup>1</sup></b>	1.7%	0%
<b>% of resolutions voted with management<sup>1</sup></b>	94.9%	100%
<b>% of resolutions voted against management<sup>1</sup></b>	3.4%	0%
<b>Proxy voting advisor employed</b>	Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies.	Institutional Shareholder Services
<b>% of resolutions voted against proxy voter recommendation</b>	N/A	Janus Henderson were unable to provide this information.

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



## Significant votes

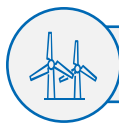
At this time, the Trustee has not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they 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 Baillie Gifford, 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. **Janus Henderson** were not able to provide significant votes as they believe there were no votes that met the “most significant” criteria during the reporting period.

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 Corp.	Equinix Inc.	NextEra Energy Inc.
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.3%	1.0%	1.2%
<b>Summary of the resolution</b>	Shareholder Social Resolution	Appoint/Pay Auditors	Shareholder Climate Resolution
<b>How the manager voted</b>	For	Against	For
<b>Rationale for the voting decision</b>	<p>Baillie Gifford supported a shareholder resolution requesting the company report its unadjusted median pay gaps and adjusted pay gaps across race and gender. Baillie Gifford believe this type of data provides valuable insight into pay equity and understand the progress the company is making to address inequity. They believe the company is lagging other US companies, many of whom provide at least adjusted numbers.</p>	<p>Baillie Gifford opposed executive compensation as there are overlapping metrics within the short and long term incentive plans, which risks rewarding executives twice for the same performance, and one-year performance periods in the long term incentive plan, which they don't find to be sufficiently long-term.</p>	<p>Baillie Gifford supported the resolution on climate lobbying as they believe that clear and transparent support for Paris-aligned goals through lobbying is one-way shareholders look to demonstrate consistency with their climate targets.</p>
<b>Outcome of the vote</b>	Fail	Pass	Fail
<b>Implications of the outcome</b>	<p>Following the AGM Baillie Gifford explained their rationale for supporting this resolution. The company acknowledge the significant support the resolution received and in response are assessing their ability to report unadjusted and adjusted pay gaps. Baillie Gifford will continue to monitor progress.</p>	<p>Baillie Gifford have opposed executive compensation for a number of years due to ongoing concerns with the stringency of targets under the long term incentive plan. Having already engaged the company on their concerns, they will reassess the suitability of the plan ahead of the next AGM.</p>	<p>Baillie Gifford reached out to the Company to explain why they decided to support the resolution. While they welcomed the real zero target set, Baillie Gifford believe that the lobbying reporting could be improved with identification of misalignment between the company's lobbying activities and its Net Zero goal.</p>
<b>Criteria on which the vote is considered "significant"</b>	<p>This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.</p>	<p>This resolution is significant because Baillie Gifford opposed the election of auditors.</p>	<p>This resolution is significant because it received greater than 20 per cent opposition.</p>



## Engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year 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	Janus Henderson
Fund name	Multi Asset Growth Fund	Multi Asset Credit Fund
Number of entities engaged on behalf of the holdings in this fund in the year	15	47
Number of engagements undertaken at a firm level in the year	744*	769

\* Baillie Gifford firmwide data was given as at 31 December 2023.



## Examples of engagement activity undertaken over the year to 30 September 2024

### Baillie Gifford, Multi Asset Growth Fund

#### China Longyuan, Climate Change

Baillie Gifford met with management to discuss three climate-related matters. Firstly, they reached out to commend the company for its first-time Scope 1 and 2 emissions disclosure in its 2022 ESG Report, increasing transparency. Secondly, they engaged to request details around Scope 3 emissions disclosure timelines. And thirdly, they urged the company to make a formal commitment to an emissions reduction target to increase accountability.

Decarbonising the power sector is vital in achieving global climate ambitions, and while this is the largest wind power operator in the world, the company still emitted >10 million tons of carbon dioxide from its coal power generation during 2022. The discussion centered around the company's environmental disclosure and what its intentions are regarding the establishment of emission reduction targets. Although this meeting confirmed to Baillie Gifford that the company seems to be making progress in improving its environmental management and disclosure, this is slow and short-term in nature, given the environmental materiality of its operations. To complement the short-term coal disposal commitment (three years from IPO in 2022), Baillie Gifford expected more to have been done to link the company's strategic ambitions to be a wind power leader and China's overarching and longer-term net zero ambition. Nevertheless, the coal disposal will be a game-changer for the company's emissions (itself a question of when rather than if).

Learnings from this engagement are feeding into the ongoing review of the investment case for this holding.

### Janus Henderson, Multi Asset Credit Fund

#### Cheplapharm, Social; access and affordability

Janus Henderson decided to engage with management as part of their Access and Affordability thematic engagement programme in the healthcare sector. Cheplapharm is a pharmaceutical company that focuses on off-patent branded/prescription/niche drugs holding a portfolio of over 150 products distributed across 145 countries. Janus Henderson's primary aim was to assess how much of future topline growth was to be driven by pricing versus volume. Given Cheplapharm's positive revenue growth over the past 18 months (18% in 2022 and 8% in H1 2023), Janus Henderson wanted to ensure that price growth is not going to be the key driver of earnings going forward. This is potentially a greater concern with the niche drugs business considering the absence of competitor drugs to provide price competition.

Management was very clear that volume and price cutting are the key drivers of future earnings. Volume is driven by introducing existing products into new geographies and price cutting is driven by a renewed focus on the drug product. They were clear that aggressive price hikes aren't compatible for two reasons. Firstly, the large pharma houses 'entrust' their product to Cheplapharm. Any negative press around aggressive price hikes would be reputationally damaging to the developer pharma house. Secondly, Cheplapharm stated that the risk to their licenses is material in the face of aggressive price hikes. Considering the diversification of products an aggressive price would pose more risk to the company than any upside to the topline.

Janus Henderson were pleased to hear this confirmation from management and feel confident Cheplapharm is not engaged in aggressive pricing strategies. They therefore maintain their ESG rating of Green reflecting the non-material ESG risks faced by the company.