

Implementation Statement

Roxboro UK Pension Fund

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustee of the Roxboro UK Pension Fund ("the Fund") and sets out:

- How the Trustee's policy on exercising rights (including voting rights) and engagement has been followed over the year.
- The voting activity undertaken by the Fund's investment managers on behalf of the Trustee, including information regarding the most significant votes, over the year to 31 March 2024.

The voting behaviour is not given over the Fund year end to 5 April because investment managers currently only report on this data by calendar quarter.

How voting and engagement policies have been followed

The Trustee considers that their voting and engagement policies have been met in the following ways:

- The Fund invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Fund's fund managers.
- The Trustee reviewed stewardship policies, voting and engagement activities and the ESG aspects of the current managers over the year and were satisfied that their managers' policies were reasonable, and no remedial action was required at that time. The Trustee believes that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.

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 November 2023 and has been made available online here: <https://schemedocs.com/download/roxboro-uk-statement-statement-investment-principles.pdf?ver=2023>.

Over the accounting period, the Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Fund's investment managers. On 25 April 2023, the Trustee agreed to set stewardship priorities for the Fund, which is reflected in the updated Statement of Investment Principles. To enable the Trustee to make high quality decisions, the fact-finding and analysis is delegated to the Trustee's independent investment advisor. The Trustee has decided voting and engagement should focus on the following themes:

- Climate Change;
- Diversity, equity and inclusion;
- Fair pay

**Prepared by the Trustee of the Roxboro UK Pension Fund
June 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the investment manager within the Fund's held over the period on behalf of the Trustee over the year to 31 March 2024. The gilts, Buy-Out Aware and Sterling Liquidity funds held with LGIM during the period have no voting rights attached, and therefore are not included in the table below. Please note that the Fund fully disinvested from all of the funds in the table below in September 2023, but voting data shown applies to the 12 months to 31 March 2024.

Manager		LGIM			
Fund name	UK Equity	North America Equity – Currency Hedged	Asia Pacific (ex Japan) Developed Equity Index Fund – Primary and Currency Hedged	Japan Equity – Primary and Currency Hedged	Europe (ex UK) Equity – Primary and Currency Hedged
Structure	Pooled				
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.				
No. of eligible meetings	709	645	461	514	542
No. of eligible votes	10,462	8,731	3,279	6,103	9,556
% of resolutions voted	99.8%	99.8%	100.0%	100.0%	99.7%
% of resolutions abstained	0.0%	0.0%	0.0%	0.0%	0.4%
% of resolutions voted with management	94.4%	65.4%	74.9%	88.0%	80.6%
% of resolutions voted against management	5.6%	34.6%	25.1%	12.0%	19.0%
Proxy voting advisor employed	ISS (All voting decisions are made by LGIM)				
% of resolutions voted against proxy voter recommendation	4.6%	29.0%	16.1%	9.8%	10.7%

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 Trustee to influence the manager's voting behaviour.	
No. of eligible meetings	51	
No. of eligible votes	517	

Manager	Baillie Gifford
% of resolutions voted	91.5%
% of resolutions abstained	0.6%
% of resolutions voted with management	96.8%
% of resolutions voted against management	2.5%
Proxy voting advisor employed	N/A*

*Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon the proxy advisers' recommendations when deciding how to vote. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies.

Significant votes

As noted above, the Trustee set the stewardship priorities of the Fund at the 25 April 2023 meeting. The significant votes below reflect the stewardship priorities and are selected from a list of significant votes the investment managers provided.

In the interest of concise reporting the tables below show 3 of these votes for each manager.

LGIM, passive regional equity funds

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Woodside Energy Group Ltd.	Pearson Plc
Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps	To Re-elect Mr Ian Macfarlane as a director	To approve the remuneration policy
How the manager voted	For	Against	Against
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. LGIM believe cognitive diversity in business is a crucial step towards building a better company, economy and society.	LGIM decided to vote against the most senior director up for re-election, due to concerns around the company's lack of commitment to aligning with the Paris objectives and net zero, and the insufficient reaction to the significant proportion of shareholder votes against their climate report (49%) at the 2022 AGM. Additionally, following the completion of the BHP petroleum assets merger in 2022, LGIM have tried to get more clarity on the decarbonisation targets of the combined group, and note a number of gaps in the company's disclosure. In 2023, LGIM has met with the company but still feel that actions taken are insufficient to	The company consulted with LGIM in advance of the publication of their remuneration policy to propose some changes to executive pay. Their main concern was that although the company wants to align the CEO's salary with US peers, they have elected to use UK practices when it comes to his pension. This would result in a pension provision of 16% of salary, which is more than his US peers typically receive. LGIM feel the company should not pick and choose the regions (UK/US) to set executive pay based on which region offers the highest opportunity.

	Vote 1	Vote 2	Vote 3
		restore investor confidence and that there is a lack of urgency around better aligning the company with the Paris objectives	
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
	Linked to Trustee's DEI stewardship priority.	Linked to Trustee's Climate Change stewardship priority.	Linked to Trustee's fair pay stewardship priority.
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, targeting some of the world's largest companies on their strategic management of climate change.	LGIM considers this vote to be significant as it is in application of an escalation of their engagement activity on remuneration. LGIM has had reason to vote against pay for more than one year.

Baillie Gifford, Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Nextera Energy, Inc.		Prologis, Inc.
Summary of the resolution	Shareholder Resolution - Governance	Remuneration	Remuneration
How the manager voted	For	Against	Against
Rationale for the voting decision	Baillie Gifford supported a shareholder resolution requesting a board diversity and qualifications matrix because they believe that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.	Baillie Gifford opposed the vote on compensation because the performance metrics allow for vesting to begin below median, which they do not find sufficiently stretching.	Baillie Gifford opposed executive compensation because they do not believe the performance conditions for the long term incentive plan are sufficiently stretching.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	Baillie Gifford communicated their decision to support the shareholder resolution with the company. They monitor any similar disclosure the company chooses to institute, as although	Last year Baillie Gifford communicated with the company to note that they generally do not find vesting below median sufficiently stretching. Baillie Gifford opposed the advisory vote	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.

	Vote 1	Vote 2	Vote 3
	the resolution failed to secure enough support to pass, it did receive support from more than 48% of shareholders.	on compensation this year, and will continue to communicate their expectations regarding this to the company.	
Criteria on which the vote is considered "significant"	<p>Linked to Trustee's DEI and climate change stewardship priorities.</p> <p>This resolution is significant because it was submitted by shareholders and received greater than 20% support.</p>	<p>Linked to Trustee's fair pay stewardship priority.</p> <p>This resolution is significant because it received greater than 20% opposition.</p>	<p>Linked to Trustee's fair pay stewardship priority.</p> <p>This resolution is significant because it received greater than 20% opposition.</p>

Fund level 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 gilt and cash funds held over the period due to the nature of the underlying holdings, so engagement information for these assets have not been shown. Funds marked with an asterisk (*) again denote funds that the Scheme disinvested from or invested into over the period. All data is shown for the full year to 31 March 2024.

Manager	Legal and General Investment Management				
Fund name	UK Equity*	North America Equity – Currency Hedged*	Asia Pacific (ex Japan) Developed Equity Index Fund – Primary and Currency Hedged*	Japan Equity – Primary and Currency Hedged*	Europe (ex UK) Equity – Primary and Currency Hedged*
No. of engagements on behalf of the holdings in this fund in the year	313	234	115	68	87
No. of engagements undertaken at a firm level in the year			2,144		

Manager	Legal and General Investment Management				Baillie Gifford
Fund name	Buy-Out Aware Fixed Short	Buy-Out Aware Fixed Long	Buy-Out Aware Real Short	Buy-Out Aware Real Long	Multi Asset Growth Fund*
No. of engagements on behalf of the holdings in this fund in the year	200	198	200	198	11

Engagement examples

Heidelberg Cement

Cement production is responsible for around 8% of global carbon emissions per year. Therefore, the cement industry needs to decarbonise significantly for the world to reach net zero; the sector is included within the 'climate critical' sectors of LGIM's Climate Impact Pledge. Heidelberg believes it has an industry-leading decarbonisation policy as well as first-mover advantage in carbon capture and storage (CCS).

LGIM participated in discussions with Heidelberg's management team to discuss the progress and economic viability of the company's planned CCS projects. Questions focused on:

1. The economics of CCS (cost of capture, transport and storage versus carbon pricing)

2. The external factors affecting viability of CCS projects (regulation, government subsidies etc.)
3. Demand expectations for 'carbon-free' cement

LGIM will continue to engage with Heidelberg as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg, the economics of CCS will only become economical with either an increase in the carbon price or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management.

Baillie Gifford – China Longyuan Power Group Corporation Limited

China Longyuan is identified as the biggest contributor to emissions for the Multi Asset Growth Fund as of the end of December 2022. Despite its coal power operations, it is also the largest wind power operator in the world. Baillie Gifford reached out to the company following the publication of its 2022 ESG Report in which the company disclosed Scope 1 and 2 emissions for the first time.

They also met with the company to discuss its environmental disclosures and what its intentions are regarding the establishment of emission reduction targets. As a follow-up, Baillie Gifford will be including their internal climate audit assessment of the company within the upcoming review of the investment case.