

Implementation Statement

Volex Executive Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the Volex Executive Pension Scheme (**"the Scheme"**) to set out the following information over the year to 31 July 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 Trustee over the year, including information regarding the most significant votes.

The voting behaviour is not given over the Scheme year end to 31 July 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 30 June 2024.

Stewardship policy

The Trustees decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme'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. Given the Scheme's plans to reduce the allocation to assets with voting rights attached overtime, the Trustees decided not to set stewardship priorities. However, the Trustees takes the 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.

How voting and engagement 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 ways:

- 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.
- The Trustee, with input from their investment consultant, annually receives and reviews (through their Implementation Statement), the voting information and engagement policies of their investment manager to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.
- Based on the data currently available, which is presented below, the Trustee is comfortable that the actions of the investment manager are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Volex Executive Pension Scheme
November 2024**

Voting Data

The Scheme invests entirely in pooled funds and therefore the Scheme's investment manager votes on behalf of the Scheme's holdings in the pooled funds. Until Q4 2023, the Scheme was invested in the BlackRock Dynamic Diversified Growth Fund ("DDGF") but following a review of the Scheme's investment manager, the Scheme moved all assets to the Legal & General Investment Management ("LGIM") Diversified Fund in November 2023. Voting rights are applicable to equity holdings only and given the LGIM Diversified Fund invests in a diverse range of asset classes, the information below relates to the equity allocation within the fund.

Due to availability of data, the information presented in the table below summarises the voting data for the year to 30 June 2024. We have only shown the voting data for the LGIM Diversified Fund as the Scheme was invested in the BlackRock DDGF for less than half the year.

Manager	LGIM
Fund name	LGIM Diversified 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.
Number of company meetings the manager was eligible to vote at over the year	10,172
Number of resolutions the manager was eligible to vote on over the year	105,146
Percentage of resolutions, of which eligible, the manager voted on	99.8%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on*	0.6%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on*	76.4%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on*	23.0%
Proxy voting advisor employed	Institutional Shareholder Services' (ISS)
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	14.1%

Source: LGIM

*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 Trustees 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 Trustees have 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.

The Trustees have not communicated voting preferences to the investment manager over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

In the absence of agreed stewardship priorities / themes, the Trustees have asked the investment manager to determine what they believe to be a “significant vote”, and we have shown three votes for the LGIM Diversified Fund in the interest of concise reporting. These votes cover a range of themes to represent what they consider the most significant votes cast on behalf of the Scheme.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

LGIM Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Microsoft Corporation	Unilever Plc

	Vote 1	Vote 2	Vote 3
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.4%	0.2%
Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from equal employment opportunities (EEO) Policy	Elect Director Satya Nadella	Approve Climate Transition Action Plan (CTAP)
How the manager voted	Against	Against	For
Rationale for the voting decision	<p>Shareholder Resolution - Environmental and Social: A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.</p>	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>Climate change: A vote for the CTAP is applied as LGIM understand it to meet their minimum expectations. 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 a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>
Outcome of the vote	Fail	The outcome of this vote was not disclosed.	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.		
Criteria on which the vote is considered "significant"	<p>Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>	<p>Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of</p>	<p>Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned</p>

Vote 1**Vote 2****Vote 3**

their vote policy on the topic of the combination of the board chair and CEO.

to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Source: LGIM.

Engagement data

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 LGIM over the year to 30 June 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	LGIM	
Fund name	Diversified Fund	Absolute Return Bond Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	4197	357
Number of engagements undertaken at a firm level in the year	5003	
Number of companies engaged with at a firm level in the year	4784	

Source: LGIM

Examples of engagement activity undertaken over the year to 31 July 2024

LGIM

McDonald's: Antimicrobial resistance ("AMR") shareholder resolution

Antimicrobial resistance ('AMR') is the damaging effect of disease-causing microorganisms (e.g. bacteria, viruses, fungi and parasites) increasing their resistance to antibiotics. AMR is one of LGIM's global systemic engagement themes. The World Health Organization (WHO) describes AMR as one of the top 10 global public health threats facing humanity today. The World Bank estimated in 2016 that AMR could result in a 3.8% loss in global GDP, an impact comparable to that of the 2008 financial crisis.

McDonald's is one of the largest beef purchasers and a major buyer of pork; LGIM believe that animal husbandry standards across their supply chain have the potential not only to mitigate AMR directly across large sections of the value chain, but also to have a 'knock-on' impact upon the food sector more broadly, on account of the company's scale and influence.

LGIM has regularly engaged with McDonald's putting pressure on the company since 2021 to adopt stricter policies on the use of antibiotics across their supply chain.

LGIM co-filed a shareholder resolution at the company in 2023, under the umbrella of the Shareholder Commons, asking McDonald's to comply with World Health Organization (WHO) guidelines on the use of medically important antimicrobials in food-producing animals throughout its supply chain. The resolution sought adherence to the WHO guidelines throughout the full supply chain, including beef, chicken and pork. This resolution gained 18% support from shareholders.

Following a lack of action by McDonald's, LGIM co-filed the same resolution in McDonald's 2024 AGM, together with LGIM's industry peer Amundi and The Shareholder Commons. However, LGIM's 2024 resolution was subject to a 'no-action' ruling by the SEC, a mechanism by which the company is allowed to unilaterally remove proposals from its proxy statement if they are judged to have already substantially implemented the resolution demand. LGIM were disappointed by both the step taken and the decision announced, as they believe that McDonald's should be adhering to the WHO Guidelines on use of antibiotics across all the meat that they produce, not just certain types of meat.