

# Power Jacks Limited Retirement Benefits Scheme Implementation Statement for the year ended 31 December 2023

## Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Power Jacks Limited Retirement Benefits Scheme (the "Scheme") has followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 December 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## The Trustee's policies on ESG and stewardship of assets

The Trustee's policies in relation to ESG and stewardship of assets is documented in their Statement of Investment Principles ('SIP'). The latest SIP is dated November 2023.

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment manager, Legal and General Investment Management ('LGIM'). The Trustee requires the Scheme's investment manager to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment manager and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

If the Trustee becomes aware of an investment manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustee's expectation, then the Trustee may consider terminating the relationship with that investment manager.

## Latest review of the Statement of Investment Principles

The Scheme's SIP was last updated in November 2023, so the current SIP has only been in effect for one month of the current reporting year. The SIP was updated as a result of a change to the Scheme's strategic asset allocation over the period.

The Trustee will review the SIP at least triennially, or if there are any changes to the Trustee's investment policies.

## Investment-related activity during the reporting year

Over the reporting period, the Trustee carried out a review of the investment strategy to consider the impact of the recent rise in long-term interest rates on the Scheme's investment arrangements. This review led the Trustee to restructure the invested assets as follows:

		Allocation 11 October 2023	Updated Strategic Allocation
<b>Global equities</b>	LGIM All World Equity Index Fund	-	20%
<b>Multi asset</b>	LGIM Diversified Fund	84%	50%
<b>Index-linked gilts</b>	LGIM Over 15 Year Index-Linked Gilts Index Fund	-	15%
<b>Liability-driven investments</b>	LGIM Matching Core Funds	16%	15%

Reflecting an improvement in the Scheme's funding position the updated strategic allocation targets a slightly lower expected return, but has increased the level of interest rate and inflation protection and thereby reducing the potential variability of the Scheme's funding position.

## Manager selection exercises

One of the main ways in which the Trustee expresses its policies in relation to ESG is via the appointment of any new investment mandates: the Trustee seeks advice from XPS on the extent to which the Trustee's views on ESG and climate change risks may be taken into account by any potential new investment managers.

During the reporting year, the Trustee invested in two new funds: the LGIM All World Equity Index Fund and the LGIM Over 15 Year Index-Linked Gilts Index Fund. Both funds aim to track their respective benchmark indexes - which do not include any form of ESG/sustainability "screening" - and therefore the Trustee recognises that the scope for LGIM to incorporate ESG factors into the selection of underlying securities is very limited. However, prior to making the investment the Trustee sought the views of its investment adviser, and noted that they regard LGIM as one of the market leading investment management firms in terms of engagement activities with underlying companies and utilising the Scheme's voting rights where applicable.

## Ongoing governance

The Trustee monitors the processes and operational behaviour of LGIM from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in the SIP.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policies on, ESG and stewardship of assets will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the manager to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

## Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed the policies on ESG and stewardship of assets (including voting rights) to an acceptable degree, namely to delegate this activity to the LGIM.

## Voting activity

The main asset class where LGIM has voting rights is equities. The Scheme has exposure to equities through its investment in the LGIM Diversified Fund and the LGIM All World Equity Index Fund. Therefore, a summary of the voting behaviour and most significant votes cast by LGIM for each fund is shown below.

*Please note that all information provided on voting activity has been written by LGIM, and this is reflected in the use of "we/us" throughout. Any views expressed are not necessarily those of the Trustee.*

### LGIM policies on voting activity

#### LGIM Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private

sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

### Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

### How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

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.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

### Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions. For more information on how we use the services

of proxy providers, please refer to the following document available on our website: [https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf)

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

#### LGIM Diversified Fund voting activity

##### Key voting statistics

The manager voted on 99.8% of resolutions of which they were eligible out of 94,290 eligible votes.

##### Top 5 Significant Votes during the Period

Company	Voting Subject	How did LGIM Vote?	Result
Shell Plc	Resolution 25 - Approve the Shell Energy Transition Progress	Against	80.0% of shareholders supported the resolution
A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.			
Tencent Holdings Limited	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against	53.6% of shareholders supported the resolution
A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. A vote against has been applied because LGIM expects the Committee to comprise independent directors.			
American Tower Corporation	Resolution 1f - Elect Director Robert D. Hormats	Against	98.0% of shareholders supported the resolution
A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female.			

Toyota Motor Corp.	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	15.1% of shareholders supported the resolution
<p>LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>			
Public Storage	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For	34.7% of shareholders supported the resolution
<p>A vote in favour is applied as 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.</p>			

#### LGIM All World Equity Index Fund voting activity

#### Key voting statistics

The manager voted on 99.9% of resolutions of which they were eligible out of 64,915 eligible votes.

#### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Berkshire Hathaway Inc.	Resolution 8 - Require Independent Board Chair	For (against management recommendation)	10.9% (Fail)
<p>A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.</p>			
Amazon.com, Inc.	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	For (Against Management Recommendation)	29% (Fail)

<p>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. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>			
Exxon Mobil Corporation	Resolution 12: Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario	For (Against Management Recommendation)	16% (Fail)
<p>Together with CBIS, LGIMA has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In our view, this is a highly relevant and financially material matter, and by filing this proposal we are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.</p>			
Alphabet Inc.	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	For (against management recommendation)	30.7% (Fail)
<p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p>			
JPMorgan Chase & Co.	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For (Against Management Recommendation)	34.8% (Fail)
<p>We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.</p>			