

Implementation Statement, covering the Plan Year from 1 January 2023 to 31 December 2023

The Trustee of the Shaw (S&W) Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The SIP was reviewed and updated during the Plan Year in May 2023 to reflect the DWP’s new guidance on “Reporting on Stewardship and Other Topics through the SIP and Implementation Statement” which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. In December 2023, the Trustee entered into a bulk annuity contract with Aviva Life & Pensions UK Limited to insure the benefit payments linked to all the Plan’s members. The SIP was updated to reflect this after the Plan Year end.

The Trustee has, in its opinion, followed all policies in the Plan’s SIP during the Plan Year. The following sections provide detail and commentary about how and the extent to which it has done so.

No changes were made to the voting and engagement policies in the SIP during the Plan Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies for Legal & General Investment Management (“LGIM”) can be found at the following website: <https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/>

However, the Trustee takes ownership of the Plan’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. In 2022, the Trustee discussed and agreed stewardship priorities for the Plan which are: corporate transparency, business ethics, and diversity, equity & inclusion.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Plan Year

All of the Trustee’s holdings in listed equities were within pooled funds and the Trustee had delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Plan’s funds that held equities.

The Trustee fully disinvested from the Plan’s LGIM Diversified Fund in November 2023. As at 31 December 2023, the Plan did not hold any funds with voting opportunities. We have included voting data for the LGIM Diversified

Fund as the Plan was invested for the majority of the Plan's Year. This data has been provided as at 31 December 2023, as LGIM were unable to provide data as at the date of the Plan's disinvestment.

The Trustee contacted the Plan's other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period.

These managers confirmed that there were no voting opportunities in relation to these funds over the period in question and, as such, these funds have been omitted from the Statement.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies periodically, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies were aligned with the Trustee's views.

Legal and General Investment Management ("LGIM")

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 its clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 LGIM continue to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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 LGIM's 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.

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 it does not outsource any part of the strategic decisions. LGIM's 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 LGIM receives from ISS for UK companies when making specific voting decisions.

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

LGIM retains the ability in all markets to override any vote decisions, which are based on its 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with LGIM's voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

	LGIM Diversified Fund
Total size of fund at end of reporting period	£11,284m
Value of Plan assets at end of reporting period	Nil (Plan fully disinvested in November 2023)
Number of equity holdings at end of the reporting period	6,908
Number of meetings eligible to vote	9,077
Number of resolutions eligible to vote	94,290
% of resolutions voted	99.8%
Of the resolutions on which voted, % voted with management	76.3%
Of the resolutions on which voted, % voted against management	23.4%
Of the resolutions on which voted, % abstained from voting	0.3%
Of the meetings in which the manager voted, % with at least one vote against management	75.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	14.6%

3.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

All commentary below is provided directly by the managers. Details of further votes that may be deemed to be significant can be provided upon request.

Legal & General Diversified Fund

LGIM stated: "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==/> "

Company name	Public Storage
Date of vote	02 May 2023
Stewardship priority to which the vote relates	Corporate transparency
Why the vote was considered significant	"This shareholder resolution is considered significant due to the relatively high level of support received."
Mandate holding	0.2%
Summary of the resolution	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
How you voted	LGIM voted for the resolution
Vote in line with/against management	LGIM voted against management
Outcome	34.7% of shareholders supported the resolution
Rationale for the voting decision	"Climate change: 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."

Company name	Prologis, Inc.
Date of vote	04 May 2023
Stewardship priority to which the vote relates	Diversity, Equity and Inclusion
Why the vote was considered significant	"LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf."
Mandate holding	0.4%
Summary of the resolution	Resolution 1j - Elect Director Jeffrey L. Skelton
How you voted	LGIM voted against the resolution
Vote in line with/against management	LGIM voted against management
Outcome	N/A
Rationale for the voting decision	"Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence,

relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.”

Company name	Amazon.com, Inc
Date of vote	24 May 2023
Stewardship priority to which the vote relates	Diversity, Equity and Inclusion
Why the vote was considered significant	<i>“LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.”</i>
Mandate holding	0.2%
Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
How you voted	LGIM voted for the resolution
Vote in line with/against management	LGIM voted against management
Outcome	29.0% of shareholders supported the resolution
Rationale for the voting decision	<i>“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.”</i>

Company name	EQT AB
Date of vote	30 May 2023
Stewardship priority to which the vote relates	Diversity, Equity and Inclusion
Why the vote was considered significant	<i>“LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.”</i>
Mandate holding	0.2%
Summary of the resolution	Resolution 14.h - Reelect Conni Jonsson as Board Chair
How you voted	LGIM voted against the resolution
Vote in line with/against management	LGIM voted against management
Outcome	N/A
Rationale for the voting decision	<i>“Lead Independent Director: A vote against is applied as LGIM expects the presence of an independent lead director to ensure there is sufficient challenge to management. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.”</i>