

Implementation Statement

Ronseal Pension Scheme

Introduction

This statement has been prepared by the Trustees of the Ronseal Pension Scheme ('the Scheme'), to demonstrate how the Trustees have acted on certain policies within their Statement of Investment Principles ('SIP'). This document is known as the Scheme's Implementation Statement.

This Implementation Statement covers the Scheme year from 6 April 2020 to 5 April 2021 and provides details of how, and the extent to which, their SIP policies on engagement have been followed over the year.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ('DB') investments held by the Scheme. Note that this excludes any Additional Voluntary Contribution investments held by the Scheme.

Trustees of DB pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including a description of their voting behaviour, the most significant votes cast and any use of a proxy voter on their behalf over the year.

SIP Policies

This implementation statement should be read in conjunction with the Scheme's SIP covering the year under review, which gives details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Scheme year end of 5 April 2021 and the extent to which the new policies have been followed.

The Scheme was invested in pooled funds managed by Legal & General Investment Management ("LGIM") (the "Investment Manager") over the Scheme year under review to 5 April 2021.

The Scheme's SIP in place during the Scheme year states the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Trustees have delegated the responsibility for the exercise of all rights (including voting rights) attaching to investments to the investment manager.
- The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments.
- The Trustees expect the Investment Manager to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments.
- The Trustees recognise the importance of ESG factors on long term investment performance and both immediate and future downside risks.
- The Trustees will also monitor the voting activity of the Investment Manager to ensure votes are being used and are aligned to their views on ESG.
- The Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies.

Description of voting behaviour

The Scheme is invested in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Scheme sits with the Investment Manager. The Trustees have enforced the policies in place by monitoring the engagement and voting activities of the Scheme's Investment Manager to attempt to ensure they are aligned with the Trustees' policies. This Implementation Statement summarises the votes made on behalf of the Trustees over the Scheme year.

Over the year to 5 April 2021, the Scheme held the following pooled fund investments:

- LGIM World Equity Index Fund;
- LGIM Over 15yr Gilts Index Fund;
- LGIM Over 5yr Index-Linked Gilts Fund; and
- LGIM Managed Property Fund

The only pooled fund investment held by the Scheme which carried voting rights during the Scheme year was the LGIM All World Equity Index Fund (c. £33.4m of Scheme assets as at 5 April 2021).

LGIM manage over £1 trillion in assets, and use their resulting influence, focussing their votes on climate change, income equality, diversity, and ESG integration.

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM All World Equity Index Fund over the year to 5 April 2021. It should be noted that LGIM is developing its reporting but is currently only able to provide voting statistics for 12-month periods to standard quarter-ends, rather than the actual periods invested. Therefore, we have included voting information covering the most relevant 12-month period from 1 April 2020 to 31 March 2021.

LGIM All World Equity Index Fund (£33.4m as at 5 April 2021)	1 April 2020 – 31 March 2021
Number of companies whose meetings LGIM was eligible to vote at over the year to 31/3/2021	6779
Number of resolutions LGIM was eligible to vote on over the year to 31/3/2021	70672
Of the eligible resolutions, percentage that LGIM voted on.	99.9
Of the resolutions voted, percentage that LGIM voted with management.	83.3
Of the resolutions voted, percentage that LGIM voted against management.	16.0
Of the resolutions voted, percentage where LGIM abstained .	0.8

Proxy voting

The Trustees did not employ a proxy-voting service during the Scheme year to 5 April 2021.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

How engagement policies have been followed

The Trustees review and monitor the voting and engagement activity taken on their behalf on an annual basis. The information published by the Investment Manager has provided the Trustees with comfort that their voting and engagement policies have been largely followed during the year. Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	-	The voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy & Corporate Governance	✓	LGIM have clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustees. LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. Over the year LGIM voted against 411 companies that combined the roles. Over 2021, LGIM has stated they will oppose Directors in Germany from being elected for longer than 4 years to hold Directors to more accountability than in the past.
Risks	✓	LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.
Social and Environmental impact	✓	LGIM has written to over 500 companies with poor climate scores relative to their size and for those that don't meet minimum standards during the 2021 AGM season, LGIM will look to sanction through voting. If these minimum standards are not met over time, LGIM may look to divest until progress is shown. Over 2020, LGIM announced that it had reinstated investments in Subaru following evidence of progress against emission targets and climate exposure. During 2020, to promote ethnic diversity at the board level, LGIM sent letters to engage with 35 of the largest UK companies and 44 of the largest in the US on why they have no ethnic diversity. LGIM stated it would expect at least one member at the board level to be from a minority background by the end of 2021 and has started to vote against the chair of the board or of the nomination committee if this is not the case.
Capital Structure	✓	LGIM has policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, LGIM has a policy that newly issued shares should not expose minority shareholders to excessive dilution.

Significant Votes

LGIM has provided examples of what it believes to be the most significant votes cast on the Trustees' behalf during the period.

Two of the most significant votes related to the remuneration of executive at two airline related companies. LGIM voted in favour of the proposed remuneration package presented to shareholders by Qantas Airways Limited, with LGIM stating that the decision to cut executive salaries, cancel short term incentive plans and defer vesting of the long-term incentive plan an appropriate measure given the financial impact on dividends, termination of employees and accepted government assistance that occurred over 2020. Conversely, LGIM voted against the remuneration package of International Consolidated Airlines Group, alongside 28.4% of the shareholder base, who had similarly accepted government support and made staff reductions but had retained a higher level of bonus payments to the current executives.

LGIM also voted for a report on the wind-down of coal operations at Whitehaven Coal given the uncertain role of the energy source as countries move to carbon neutrality by 2050. LGIM advocates a managed decline of fossil fuel companies with capital returned to investors which they believe will help reach these global targets. LGIM also voted in support of improving company policies on climate change. For example, LGIM supported a resolution for Proctor & Gamble to do more to ensure that their business does not result in deforestation as it is a priority for LGIM to ensure that clients' assets are not contributing to deforestation.

Engagement with investee companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and was not directly applicable for the Scheme's non-equity investments as these investments do not carry voting rights.

The Trustees expect the Investment Manager to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. 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 clients. LGIM's voting policies are reviewed annually and take into account client feedback.

While engagements are not yet available at a fund level, they are published at a firm level each quarter. LGIM is working to be able to provide engagement information at a fund specific level.

Over the 12 months to 31 March 2021, LGIM undertook 974 engagements with 874 companies. Some engagements cover multiple topics and LGIM has provided the following summary:


- 427 on environmental topics;
- 241 on social topics;
- 470 on governance issues; and
- 279 on other topics including finance and strategy.

The Trustees will monitor LGIM's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes. The Trustees have requested information on engagement activities on behalf of the Scheme's investment in the LGIM Over 15yr Gilts Fund, LGIM Over 5yr Index-Linked Gilts Fund and the LGIM Managed Property Fund when possible.

Extent to which trustees' policies have been followed during the year

Having reviewed the actions taken by LGIM, on behalf of the Trustees with respect to the four funds in which the Scheme is invested in, the Trustees believe that its policies on voting rights (where applicable) and engagement have been implemented appropriately over the Scheme year and in line with the Investment Manager's policies. The Trustees will continue to monitor the actions taken on its behalf each year and press for improved information (both in quantity and quality of reporting) from the Investment Manager especially in relation to engagement activities relating to the Scheme's investments in the LGIM World Equity Fund.

If the Investment Manager deviates substantially from the Trustees' stated policies, the Trustees will initially discuss this with the fund manager. If in the opinion of the Trustees the difference between the policies and the Investment Manager's actions is material, the Trustees will consider terminating the mandate and appointing a replacement investment manager or managers which are more closely aligned with the Trustee's policies and views.



HOWARD HAPUREVICS

On behalf of the Trustees of the Ronseal Pension Scheme

September 2021