



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 2021 to 5 April 2022 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 2022 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 2022.

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 2022, the Scheme held the following pooled fund investments:

- LGIM World Equity Index Fund;
- LGIM Over 15 Year Gilts Index Fund;
- LGIM Over 5 Year Index-Linked Gilts Index 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. £37.1m of Scheme assets as at 5 April 2022).

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 2022. It should be noted that LGIM is still in the process of 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 2021 to 31 March 2022.

LGIM All World Equity Index Fund (£37.1m as at 5 April 2022)	1 April 2021 – 31 March 2022
Number of companies whose meetings LGIM was eligible to vote at over the year to 31/3/2022	3,079
Number of resolutions LGIM was eligible to vote on over the year to 31/3/2022	36,675
Of the eligible resolutions, percentage that LGIM voted on	99.8%
Of the resolutions voted, percentage that LGIM voted with management	80.2%
Of the resolutions voted, percentage that LGIM voted against management	19.0%
Of the resolutions voted, percentage where LGIM abstained	0.9%
Percentage of eligible meetings where LGIM voted at least once against management	72.9%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser	13.3%

Proxy voting

The Trustees did not employ a proxy-voting service during the Scheme year to 5 April 2022.

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 Services' ('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	✓	LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy & corporate governance	✓	<p>LGIM believes that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that is invested in or held as a counterparty. LGIM has clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustees.</p> <p>For example, LGIM voted against the election of male chairmen due to a lack of gender diversity at a number of companies, including Atlas Copco AB, NVIDIA Corporation, and The Boeing Company.</p> <p>LGIM's policy from 2021 is to vote against all elections which combine the roles of CEO and Chair. LGIM voted against electing directors of International Business Machines Corporation, JPMorgan Chase & Co., and Johnson & Johnson, alongside several others, in line with this policy.</p>
Risks	✓	<p>LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.</p> <p>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.</p>
Social and environmental impact	✓	<p>LGIM has clear voting policies in respect of resolutions surrounding ESG impact. Instances of these are outlined below.</p> <p>LGIM has engaged with companies that have poor climate scores relative to their size and for those that don't meet minimum standards and if these minimum standards are not met over time, LGIM may look to divest until progress is shown.</p> <p>LGIM has also introduced a policy to vote against the chair of the board of UK companies which fall short on LGIM's ethnic diversity expectations. For instance, LGIM supported Apple Inc. shareholders asking for an audit report of civil rights, equity, diversity and inclusion within the company.</p>
Conflict of interest	✓	<p>Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.</p> <p>For example, LGIM voted against AT & T ratifying named executive officers' compensation. There were concerns around a lack of performance criteria and the magnitude of awards and payments suggested.</p>
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.

A number of the most significant votes over the Scheme year related to the separation of CEO and board chair roles. LGIM has a long-standing policy advocating for the separation and independence of the roles of CEO and chair, due to the different nature of these positions. Dividing these responsibilities ensures a single individual does not hold unbalanced powers of decision and creates equal authority on the board. From 2020 LGIM took a stronger stance on combined roles and will vote against individuals being elected or re-elected into both positions. During the Scheme year the manager participated in a number of related votes, including withholding from a vote electing Mark Zuckerberg as Director of Facebook, Inc. due to his role as Chair and CEO of the company, and also against electing Jeffrey P. Bezos as Chair of Amazon.com, Inc. due to his previous role as CEO.

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.

Over the 12 months to 31 March 2022, LGIM undertook 696 engagements with 593 companies. Some engagements cover multiple topics and LGIM has provided the following summary:

- 340 on environmental topics;
- 271 on social topics;
- 332 on governance issues; and
- 97 on other topics including finance and strategy.

Over the year, LGIM began to release fund specific engagement statistics, with the following table summarising the engagements undertaken in relation to the LGIM World Equity Index Fund for the year to 31 March 2022.

	Total engagements	No. unique companies engaged	Environmental topics	Social topics	Governance topics	Other topics
LGIM World Equity Index Fund	501	333	257	182	237	82

The remainder of the Scheme's assets are invested in nominal and index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Scheme's liabilities, and a property fund. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these assets.

Extent to which the 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, 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 Index 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 Trustees' policies and views.