

Mactaggart & Mickel Limited Retirement Benefits Scheme – Implementation Statement for the year ended 30 April 2024

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Mactaggart & Mickel Limited Retirement Benefits Scheme (the “Scheme”) have followed their policies in relation to the management of ESG risks and stewardship of assets over the 12-month period to 30 April 2024 (“the reporting year”).

Purchase of a bulk annuity policy

On 21 March 2024, the Trustees completed the purchase of a bulk annuity policy with Aviva, insuring all accrued member liabilities. The insurance policy is now the sole asset of the Scheme. The Trustees are in the process of ‘buying out’ the Scheme, which involves Aviva creating individual policies for each member in line with the benefits due under the Scheme Rules. This process will take several months to complete. Once the process has been completed, the Scheme will hold no assets or liabilities and therefore the Trustees will seek to wind-up the Scheme.

While the bulk annuity policy is now the sole asset of the Scheme, and as such many of the Trustees’ previous investment responsibilities are no longer relevant, the Trustees are required to ensure there is appropriate ongoing investment governance until the point at which the Scheme is wound up. This governance responsibility includes maintaining the Statement of Investment Principles document as well as producing an annual Implementation Statement.

The Trustees’ policies in relation to ESG risks and stewardship of assets

Due to the nature of the Aviva insurance contract (which is effectively irreversible) the Trustees have no control or influence over underlying assets that Aviva invest. As such, the most recent version of the Statement of Investment Principles document, dated April 2024, removed all of the Trustees’ previous policies in regard to management of ESG risks and stewardship of assets. This is common practice when a pension scheme completes a buy-in transaction.

However, prior to the purchase of the Aviva insurance contract, the Trustees held assets that were subject to the Trustees’ previous policies on ESG and Stewardship of assets (as documented in the Statement of Investment Principles dated September 2020). A summary of these previous policies is set out below:

- **Beliefs:** the Trustees believe that there can be financially material risks relating to environmental, social and governance (‘ESG’) issues.
- **Management of ESG risks:** the Trustees previously delegated the ongoing monitoring and management of ESG risks to the Scheme’s investment manager, Legal and General Investment Management (LGIM). The Trustees required LGIM to take ESG risks into consideration within their decision-making, recognising that how they did this was dependent on factors including the characteristics of the asset classes in which they invested.
- **Exercising rights:** the Trustees previously delegated responsibility for the exercise of rights (including voting rights) attached to Scheme’s investments to LGIM and encouraged them to engage with investee companies and vote whenever it was practical to do so on financially material matters including those deemed to include a material ESG risk in relation to those investments. A summary of voting activity for the now terminated funds is set out on the next page of the statement.
- **Manager selection:** One of the main ways in which the Trustees’ previous policies on the management of ESG risks and stewardship of assets was expressed was through the appointment of any new investment managers. During the reporting year, there were no such manager selection exercises. However, as part of the insurer selection process the Trustees did receive advice on the extent to which Aviva consider ESG risks in their investment decision making process for their asset portfolio. The Trustees were satisfied that Aviva’s management of ESG risks was in line with their previous policies.

Voting activity

Prior to full disinvestment in March 2024, the Trustees held units in the LGIM Multi-Asset (formerly Consensus) Fund. A summary of LGIM's voting behaviour and most significant votes cast for this fund in the reporting year is shown below.

Please note any reference to 'I/we' in the following voting data relates directly to LGIM.

Headline voting statistics
LGIM voted on 99.8% of resolutions of which they were eligible out of 93,090 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>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.</p> <p>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.</p>
Investment Manager Process to determine how to Vote
<p>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.</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.</p> <p>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.</p>

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.

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.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Tencent Holdings Limited	17/05/2023	0.3%	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against (against management recommendation)	88.4% (Pass)

Why the vote was deemed significant:

Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: <https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/>

Where voted against the company, was this communicated:

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.

Rationale:

Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.

Implication:

LGIM will continue to engage with the company and monitor progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Public Storage	02/05/2023	0.2%	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For (against management recommendation)	34.7% (Fail)

Why the vote was deemed significant:

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Where voted against the company, was this communicated:

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.

Rationale:

Shareholder Resolution - 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.

Implication:

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
American Tower Corporation	24/05/2023	0.2%	Resolution 1f - Elect Director Robert D. Hormats	Against (against management recommendation)	98% (Pass)

Why the vote was deemed significant:

Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Where voted against the company, was this communicated:

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.

Rationale:

Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.

Implication:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Toyota Motor Corp.	14/06/2023	0.2%	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For (Against Management Recommendation)	15.1% (Fail)

Why the vote was deemed significant:

Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

Where voted against the company, was this communicated:

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Rationale: Independence:

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.

Implication:

LGIM will continue to engage with the company and monitor progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote	Outcome
Shell Plc	23/05/2023	0.3%	Resolution 25 - Approve the Shell Energy Transition Progress	Against (against management recommendation)	80% (Pass)

Why the vote was deemed significant:

Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Where voted against the company, was this communicated:


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.

Rationale: Climate change:

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 1.5°C trajectory.

Implication:

LGIM continues to undertake extensive engagement with Shell on its climate transition plans

Signed: , Chair of Trustees

Date: 25.11,2024