

The Amtico Company Pension Scheme

Implementation Statement

This is the Implementation Statement prepared by the Trustee of the Amtico Company Pension Scheme (“the Scheme”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 March 2024.
- The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund manager.

The Trustee receives voting information and engagement policies from the asset manager, which it reviews to ensure alignment with its own policies. The Trustee also asks the fund manager to give updates on these policies as part of their regular presentations to the Trustee. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests.

Having reviewed the above in accordance with their policies, the Trustee is comfortable that the actions of the fund manager are in alignment with the Scheme’s stewardship policies.

Data limitations

Where information is not included in this statement, it has been requested but has not been provided in a useable format or at all by the investment manager. The Trustee’s investment consultants are in discussion with the managers around how this data will be provided for future statements.

Voting Data

Voting only applies to funds that hold equities within their portfolio. The investment manager of these funds votes on behalf of the Trustee and information on the votes made over the year is summarised over the next few pages.

Stewardship Policy

The Trustee’s Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

The Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees’ rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

A Copy of this SIP was last reviewed in November 2023 and has been made available to view on the Amtico website here:

<https://a.storyblok.com/f/231903/x/fa3772e6b0/amtico-sip-december-2023.pdf>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. The Trustees focused reviewing and aligning the investment strategy with the Scheme's long-term target over the period.

Voting Data

Voting data has been provided for all equity funds the Scheme was invested in over the year. Following a review of the Scheme's investments during the year, the Scheme's assets were transferred from BlackRock to LGIM in November 2023. Figures given in the table below represent the total year ending 31 March 2024, but the Scheme was only invested in the funds for part of the year.

Manager	LGIM	BlackRock
Fund name	<ul style="list-style-type: none"> LGIM Future World Global Equity Index Fund LGIM Future World Global Equity Index Fund GBP Hedged 	<ul style="list-style-type: none"> ACS World ESG Equity Tracker Fund ACS World ESG Equity Tracker Fund GBP Hedged
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	5,134	467
Number of resolutions the manager was eligible to vote on over the year	52,212	7,296
Percentage of resolutions the manager voted on	99.9%	98.0%
Percentage of resolutions the manager abstained from	0.3%	0.3%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	80.3%	95.6%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	19.4%	2.4%

Manager	LGIM	BlackRock
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	11.1%	0.2%

Figures may not sum to 100% due to rounding

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. Both LGIM and BlackRock have provided a varying number of significant votes for each of their funds, and these have been condensed down to show three of these votes across the combined funds. The votes provided apply to both the unhedged and GBP hedged versions of the Scheme’s equity funds invested in over the year to 31 March 2024, i.e. the Fund and the Future World Global Equity Index Fund. Voting only applies to funds that hold equities in their portfolio. As such, the LDI and bond funds do not participate in voting activities and are excluded from the table below.

LGIM Future World Equity Index Fund (GBP Hedged and Unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Amazon.com, Inc.	Alphabet Inc.
Date of vote	28 February 2024	24 May 2023	2 June 2023
Summary of the resolution	Report on risks of omitting viewpoint and ideological diversity from EEO Policy	Report on median and adjusted gender/racial pay gaps Elect Director Albert P. Carey	Approve recapitalisation plan for all stock to have one vote per share
How the manager voted	Against	For (against management recommendation)	For (against management recommendation)
Rationale for the voting decision	LGIM believe that a vote against is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	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 LGIM believe cognitive diversity in business is a crucial step towards building a better company, economy and society.	LGIM expects companies to apply a one-share-one-vote standard.
Outcome of the vote	The resolution was passed	The resolution failed to be approved.	The resolution failed to be approved
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board’s response to the relatively high level of support received for this resolution.
Criteria on which the vote is considered “significant”	LGIM views diversity as a financially material issue for	LGIM views gender diversity as a financially material issue for	This shareholder resolution is considered significant due to

	Vote 1	Vote 2	Vote 3
	their clients, with implications for the assets that are managed on their behalf.	clients, with implications for the assets managed on their behalf.	the relatively high level of support received.

BlackRock ACS World ESG Equity Tracker Fund (GBP Hedged and Unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Broadcom Inc.	Shell Plc	Chevron Corporation
Date of vote	3 April 2023	23 May 2023	31 May 2023
Summary of the resolution	Elect Director Diane M. Bryant	Request Shell to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement	Oversee and report a racial equity audit
How the manager voted	Against	Against	Against
Rationale for the voting decision	Vote against compensation committee member because pay is not properly aligned with performance and/or peers.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	Not provided	Not provided	Not provided
Criteria on which the vote is considered "significant"	BlackRock have considered these votes as significant as they believe that these vote decisions are of particular interests to their clients.		

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Figures given in the table below represent the total year ending 31 March 2024, but the Scheme was only invested in the funds for part of the year.

Manager	LGIM		
Fund name	Future World Global Equity Index Fund	Absolute Return Bond Fund	Maturing Buy and Maintain Credit Funds*
	Future World Global Equity Index Fund GBP Hedged		
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	795	156	452
Number of engagements undertaken at a firm level in the year		2,144	

*The Maturing Buy & Maintain Credit Funds consist of the 2025-2029, 2030-2034, 2035-2039 and the 2040-2054 Maturing Buy & Maintain Credit Funds

Manager	BlackRock	
Fund name	ACS World ESG Equity Tracker Fund	
	ACS World ESG Equity Tracker Fund GBP Hedged	Ascent UK Long Corporate Bond Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	564	46
Number of engagements undertaken at a firm level in the year		3,749

Examples of engagement activity undertaken over the year to 31 March 2024

LGIM, All Funds

As a leading pharmaceuticals and crop science company, Bayer plays a significant role in global food production and security. However, Bayer faces meaningful reputation risks regarding ongoing glyphosate litigation related to its Roundup herbicide product. Since 2018, following the closure of its acquisition of Monsanto, Bayer has faced over US\$16 billion total charges or payments related to glyphosate litigation, litigation which remains ongoing and poses still meaningful risks to Bayer's ability to deleverage its balance sheet while investing for future growth in its pharmaceutical business.

Bayer's recently appointed new CEO has embarked on a programme to revamp and simplify Bayer's internal governance, and he has made clear his comfort with potentially restructuring the business mix of Bayer.

How Bayer manages the ongoing litigation and how it implements changes to its business structure have profound implications for its investors. As Bayer potentially faces not only litigation risks but also diminished growth prospects in its core pharmaceutical business, LGIM has sought to guide Bayer away from a path that eschews, we believe, investing for long-term growth in exchange for short-term equity gains.

LGIM's Stewardship and Investment teams have met with members of Bayer's supervisory board, with its ESG team and its new CEO. They also met with Bayer multiple times in 2019 and 2020, illustrating their history of engagement with the company. Additionally, they have engaged with Bayer's investor relations and treasury teams via numerous email exchanges.

In their meetings, LGIM have sought to ascertain how Bayer will fund and manage ongoing litigation risks. This would include soliciting its views regarding employing controversial legal strategies like the 'Texas Two Step'. LGIM have always made clear that Bayer cannot settle its legal challenges in a manner that creates long-lasting harm to its balance sheet in exchange for potentially short-term gains for its shareholders.

Specific to their meetings with the Bayer CEO, LGIM made clear their views that a break-up of Bayer that does not support a growing pharmaceuticals business would make little sense and that the balance sheet should be deleveraged.

LGIM remains engaged with Bayer, and the company's capital markets day held March 2024 affirmed their expectations that the crop science business and the pharma business should not be broken up.

BlackRock, All Funds

At Epiroc's 2021 and 2022 AGM, BlackRock did not support management on a number of remuneration related proposals. BlackRock had concerns over the link between Epiroc's remuneration policies and long-term financial performance not being clear. Further, there were concerns around the overall independence of the remuneration committee. As a result, BlackRock did not support the re-election of the chairman of the board at both AGMs.

In addition, BlackRock did not support the re-election of a director who served on an excessive number of public company boards. BlackRock will consider voting against a director when he or she serves on more than four public company boards, which was the case in this instance.

Since 2021, BlackRock has engaged on multiple occasions with Epiroc to explain their board composition and remuneration related concerns:

- Regarding director overcommitment, BlackRock shared its view that given the nature of the role, it is important that directors have sufficient flexibility to respond to unforeseen events and therefore only take on a maximum number of nonexecutive mandates that provides this flexibility.
- On remuneration, BlackRock explained that when assessing the link between pay and performance, they find it helpful when companies provide a cogent explanation of the policies used and a clear understanding of how pay correlates with and supports the company's stated strategy.
- To aid investor understanding, BlackRock encouraged the company to enhance its disclosures. In their discussions, they shared that when companies disclose their approach covering governance, strategy, risk management, and metrics and targets – and that include industry-specific metrics – investors, like BlackRock's clients, can make better informed investment decisions.

Following the 2022 AGM, BlackRock noted that Epiroc took shareholder feedback into consideration and have made the following changes in 2023:

- Epiroc published annual reports that included industry-specific metrics.
- Epiroc announced that the overcommitted director would not seek re-election at the May 2023 AGM.
- Regarding remuneration, while BlackRock supported the approval of the company's remuneration report at the May 2023 AGM due to Epiroc's improved remuneration disclosures, BlackRock will encourage further disclosures on the company's short-term targets. BlackRock find it helpful when disclosures explain how the different components of a remuneration policy work together to attract, retain, and motivate key executives.