

# *Implementation Statement, covering the Scheme Year from 1 May 2023 to 30 April 2024 (the “Scheme Year”)*

The Trustee of the Miller Retirement Benefits Scheme (the “Scheme”) 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 Scheme Year. This is provided in Section 1 and 2 below.

The Statement is also required to include a description of the voting behaviour during the Scheme 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. Voting data was only available from L&G for the period 1 April 2023 to 31 March 2024.

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 voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in August 2023 to reflect the new strategic allocation and removal of the LDI funds, managed by CT, from the L&G platform. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

## **2. Voting and engagement**

As stated in the SIP, the Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. Since all of the Scheme’s equities are invested in pooled funds with L&G, the Trustee has delegated to L&G the exercise of rights attaching to the investments, including voting rights, and engagement.

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

Additionally, the Trustee receives quarterly updates on ESG and Stewardship related issues from its investment advisers.

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 Q1 2023, the Trustee discussed and agreed stewardship priorities for the Scheme which were: Diversity, Equity & Inclusion and Board Remuneration. The Trustee communicated these priorities to its managers in October 2024.

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 Scheme Year**

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has 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 Scheme Year.

In this section we include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

- L&G UK Equity Index Fund
- L&G North America Equity Index Fund (GBP Hedged and Unhedged)
- L&G Europe (ex UK) Equity Index Fund (GBP Hedged and Unhedged)
- L&G Japan Equity Index Fund (GBP Hedged and Unhedged)
- L&G Asia Pac (ex Japan) Equity Index Fund (GBP Hedged and Unhedged)
- L&G Global Emerging Markets Index Fund

The Trustee has sought to obtain the relevant voting data for Sections 3.2 and 3.3, for the funds listed above, but was unable to include Firm management recommendations for any of the votes, since this information was not provided by L&G.

In addition to the above, the Trustee contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. None of the other pooled funds that the Scheme invested in over the Scheme year held any assets with voting opportunities.

### 3.1 Description of the voting processes

Explanations provided by L&G of its voting processes are set out below:

#### **L&G**

All decisions are made by L&G'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 its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the voting decision process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses proxy provider, Institutional Shareholder Services ("ISS")'s Proxy Exchange electronic voting platform to electronically vote clients' shares. However, all voting decisions are made by L&G and it does not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

To ensure that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider to be minimum best practice standards, which L&G believes all companies globally should observe, irrespective of local regulation or practice.

L&G also retains the ability in all markets to override any vote decisions, which is 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) which allows L&G to apply a qualitative overlay to its voting judgement.

L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its 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 us of rejected votes which require further action.

In determining significant votes, L&G'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 L&G's annual Stakeholder roundtable event, or where L&G notes 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 L&G engagement campaign, in line with its Investment Stewardship's 5-year ESG priority engagement themes.

### 3.2 Summary of voting behaviour

A summary of voting behaviour over the period is provided in the table below. Voting data is shown over the year to 31 March 2024 and Scheme assets are shown at Scheme year end (30 April 2024).

	Fund 1	Fund 2	Fund 3
Manager name	L&G	L&G	L&G
Fund name	UK Equity Index Fund	North America Equity Index Fund	North America Equity Index Fund GBP Hedged
Total size of fund at end of reporting period	£11,455m	£23,579m	£9,383m
Value of Scheme assets at end of reporting period (£)	£4,841,564	£1,272,281	£1,251,409
Number of holdings at end of reporting period	521	606	
Number of meetings eligible to vote	709	645	
Number of resolutions eligible to vote	10,462	8,731	
% of resolutions voted	99.8%	99.8%	
Of the resolutions on which voted, % voted with management	94.4%	65.4%	
Of the resolutions on which voted, % voted against management	5.6%	34.6%	
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	
Of the meetings in which the manager voted, % with at least one vote against management	40.0%	97.8%	
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.6%	28.9%	

	Fund 4	Fund 5	Fund 6	Fund 7
Manager name	L&G	L&G	L&G	L&G
Fund name	Europe (ex UK) Equity Index	Europe (ex UK) Equity Index GBP Hedged	Japan Equity Index	Japan Equity Index GBP Hedged
Total size of fund at end of reporting period	£6,970m	£2,148m	£3,918m	£1,180m
Value of Scheme assets at end of reporting period (£)	£1,277,986	£1,288,037	£626,942	£ 647,606
Number of holdings at end of reporting period	396	818		
Number of meetings eligible to vote	542	514		
Number of resolutions eligible to vote	9,556	6,103		
% of resolutions voted	99.7%	100.0%		

Of the resolutions on which voted, % voted with management	80.6%	88.0%
Of the resolutions on which voted, % voted against management	19.0%	12.0%
Of the resolutions on which voted, % abstained from voting	0.4%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	81.9%	71.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.7%	9.8%

	Fund 8	Fund 9	Fund 10
Manager name	L&G	L&G	L&G
Fund name	Asia Pacific (ex Japan) Equity Index Fund	Asia Pacific (ex Japan) Equity Index Fund GBP Hedged	Global Emerging Markets Index Fund
Total size of fund at end of reporting period	£2,701m	£736m	£119m
Value of Scheme assets at end of reporting period (£)	£644,452	£644,386	£3,187,045
Number of holdings at end of reporting period	525		2,585
Number of meetings eligible to vote	461		5,009
Number of resolutions eligible to vote	3,279		39,267
% of resolutions voted	100.0%		99.9%
Of the resolutions on which voted, % voted with management	74.9%		79.2%
Of the resolutions on which voted, % voted against management	25.1%		19.7%
Of the resolutions on which voted, % abstained from voting	0.0%		1.1%
Of the meetings in which the manager voted, % with at least one vote against management	74.4%		58.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	16.1%		8.6%

Source: L&G. Scheme assets are reported using bid valuations.

### 3.3 Most significant votes over the year to 31 March 2024

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

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, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist. Given the large number of funds held with listed equity, we have selected a maximum of two votes for each fund.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities (Diversity, Equity and Inclusion and Board Remuneration);
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- the Scheme or the sponsoring company may have a particular interest in.

#### L&G

When asked whether their votes were communicated to companies ahead of the voting, L&G stated: "*L&G publicly communicates our vote instructions on its website with the 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.*"

When asked to provide the next steps after each vote, L&G provided the following: "*L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.*"

#### L&G UK Equity Index Fund

##### Experian Plc, July 2023

- **Summary of resolution:** Re-elect Mike Rogers as Director
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 1.18%
- **The reason the Trustee considers this vote is considered to be "most significant":** This vote related to one or more of the Trustee's chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** A vote against is applied due to the lack of gender diversity at executive officer level. L&G expects executives officers to include at least 1 female.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

##### Berkeley Group Holdings Plc, September 2023

- **Summary of resolution:** Re-elect Michael Dobson as Director
- **Relevant stewardship priority:** Diversity, Equity and Inclusion

- **Approx size of the holding at the date of the vote:** 0.18%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** A vote against is applied due to the lack of gender diversity at executive officer level. L&G expects executives officers to include at least 1 female.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

#### L&G North America Equity Index Fund (GBP Hedged and Unhedged)

##### Apple Inc., February 2024

- **Summary of resolution:** Shareholder Resolution to Report on Risks of Omitting Viewpoint and Ideological Diversity from Equal Employment Opportunity (EEO) Policy
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 6.2%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** Against
- **Fund manager vote:** Against.
- **Rationale:** L&G deemed a vote against this Shareholder proposal is warranted and L&G is aligned with Apple’s company management, as L&G believes that 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.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Fail

##### Intuit Inc., January 2024

- **Summary of resolution:** Elect Director Suzanne Nora Johnson
- **Relevant stewardship priority:** Board Remuneration
- **Approx size of the holding at the date of the vote:** 0.39%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** A vote against is applied as L&G has had concerns with the remuneration practices for the past year. L&G 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. L&G expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

#### L&G Europe (ex UK) Equity Index Fund (GBP Hedged and Unhedged)

##### Novartis AG, March 2024

- **Summary of resolution:** Re-elect Joerg Reinhardt as Director and Board Chair
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 2.20%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** For
- **Rationale:** *A vote “for” is applied following engagement with the company.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

#### **Banco Santander SA, March 2024**

- **Summary of resolution:** Approve Remuneration Policy
- **Relevant stewardship priority:** Board Remuneration
- **Approx size of the holding at the date of the vote:** 0.78%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** *A vote against has been applied because awards are permitted to vest for below median relative performance which therefore fails the pay for performance hurdle. L&G also highlight that the 5% salary raises for 2024 and future year increases to be given to the Executive Directors, including the Chair, will likely exacerbate existing concerns with the significant pay packages.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass.

#### **L&G Japan Equity Index Fund (GBP Hedged and Unhedged)**

##### **Daiichi Sankyo Co., Ltd., June 2023**

- **Summary of resolution:** Resolution 2.1 - Elect Director Manabe, Sunao
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 1.57%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** *Diversity: A vote against is applied due to the lack of meaningful diversity on the board.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

##### **Sumitomo Mitsui Trust Holdings, Inc., June 2023**

- **Summary of resolution:** Resolution 2.5 - Elect Director Okubo, Tetsuo
- **Relevant stewardship priority:** Board Remuneration, Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 0.32%



- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** *A vote against is applied due to the lack of meaningful improvements to board gender diversity. At Japan's largest companies, L&G expect women to represent 15% of the board. A vote against is warranted due to the executive chairman being a member of the nomination committee. L&G consider it important for the nomination committee to be able to discuss and act on sensitive areas without a senior executive in attendance. A vote against is applied due to the executive chairman serving on the remuneration committee. L&G would expect this committee to only comprise independent outside directors. The Company continues to hold an excessive shareholding in outside companies with no clear rationale. However, following engagement with the Company they positively note the strong targets published aiming at reducing its cross-shareholdings, and our concerns are therefore partly alleviated. L&G will continue to review the Company's policy in this regard.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass

#### L&G Asia Pacific (ex Japan) Equity Index Fund (GBP Hedged and Unhedged)

##### Goodman Group, November 2023

- **Summary of resolution:** Resolution 2a - Elect Stephen Johns as Director of Goodman Limited
- **Relevant stewardship priority:** Diversity, Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 0.95%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** *A vote “against” is applied as L&G expects a company to have a diverse board, with at least one-third of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass.

##### Fisher & Paykel Healthcare Corporation Limited, August 2023

- **Summary of resolution:** Approve the Increase in Maximum Aggregate Remuneration of Non-Executive Directors (NED)
- **Relevant stewardship priority:** Board Remuneration
- **Approx size of the holding at the date of the vote:** 0.30%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** *A vote “against” this resolution is warranted on the basis that the proposed NED fee pool increase is substantial. Concerns are highlighted that the level of chair and NED fees are higher than New Zealand market capitalisation peers. The proposed increase in NED fee cap would allow the company to increase individual fees which would further contribute to put NED fees at this company well above its NZX-listed market capitalisation peers.*
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote:** Pass.



### Tencent Holdings Limited, May 2023

- **Summary of resolution:** Elect Jacobus Petrus (Koos) Bekker as Director
- **Relevant stewardship priority:** Board Remuneration
- **Approx size of the holding at the date of the vote:** 3.2%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** A vote against has been applied because L&G expects the Committee to comprise independent directors.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Pass.

### BYD Company Limited, September 2023

- **Summary of resolution:** Elect Wang Chuan-fu as Director
- **Relevant stewardship priority:** Board Remuneration
- **Approx size of the holding at the date of the vote:** 0.32%
- **The reason the Trustee considers this vote is considered to be “most significant”:** This vote related to one or more of the Trustee’s chosen stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against.
- **Rationale:** A vote against has been applied because L&G expects the Committee to comprise independent directors. L&G expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Pass.