

Implementation Statement

RC Treatt & Co Limited Pension & Assurance Scheme

This Implementation Statement has been prepared for the Trustees of the R C Treatt & Co Limited Pension & Assurance Scheme (the “**Scheme**”) to set out the following information over the year to 31 December 2021:

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

Trustee policies on voting and engagement

The Trustees’ Statement of Investment Principles (SIP) in force on 31 December 2021 describes the Trustees’ policy on the exercise of rights (including voting rights) and engagement activities as follows:

“The Trustees’ policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees’ behalf. In doing so, 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.”

The Trustees’ SIP was last reviewed in September 2020 to comply with regulations that came into force on 1 October 2020. The SIP has been made available online [here](#).

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 managers.

Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers’ general policies on corporate governance, which are provided to the Trustees from time to time, taking into account the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realisation of investments where appropriate.

Through preparation of the Implementation Statement, the Trustees reviewed the stewardship and engagement activities of their investment managers, and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustees’ own policies. No remedial action was required during the period.

The Trustees intend to annually receive and review voting and engagement information provided by their asset manager as well as how ESG issues are taken into account for each mandate, to ensure broad alignment with their own policies.

Voting Data

Voting only applies to funds that hold equities within their portfolio. As such, the LGIM Core Plus Fund does not participate in voting activities as this fund holds no equities. The Scheme’s equity investments are all held

through pooled funds. The investment managers for these funds vote on behalf of the Trustees and the votes made over the year are summarised in the following tables.

The table below provides a summary of the voting activity undertaken by each manager over the year to 31 December 2021. Please note that the Trustees invested in the Columbia Threadneedle fund on 24 August 2021, but the voting data provided is for the 12 months to 31 December 2021. The Plan also had an allocation to the Barings Dynamic Asset Allocation Fund until 21 May 2021, when the Trustees disinvested, as Barings announced it was planning to close the Fund. Given the limited period of investment during the year, the Trustees' consider that it would be disproportionate to report on this Fund.

Manager	LGIM	Abrdn	Columbia Threadneedle
Fund name	Global Equity Fixed Weights (50:50) Index	Standard Life Global Absolute Return Strategies	Dynamic Real Return Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	Limited*	Limited*	Limited*
Number of company meetings the manager was eligible to vote at over the year	2,764	136	368
Number of resolutions the manager was eligible to vote on over the year	34,597	1,716	4,694
Percentage of resolutions the manager voted on	99.92%	99.94%	100.00%
Percentage of resolutions the manager abstained from	0.12%	0.23%	2.56%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	82.89%	84.61%	90.88%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	17.00%	15.16%	6.56%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	11.72%	3.73%	N/A

*The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.

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 we have delegated to the investment managers to define what a “significant vote” is. The managers have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show a limited selection of these votes for each fund.

LGIM Global Equity Fixed Weights (50:50) Index

	Vote 1	Vote 2	Vote 3
Company name	Facebook, Inc.	Recruit Holdings Co, Ltd.	Mitsubishi UFJ Financial Group, Inc.
Date of vote	26 May 2021	17 June 2021	29 June 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.35	0.13	0.13
Summary of the resolution	Elect Director Mark Zuckerberg	Amend Articles to Allow Virtual Only Shareholder Meetings	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement
How the manager voted	Withhold	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles.	The passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved. The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.	LGIM expects companies to be taking sufficient action on the key issue of climate change. While LGIM positively note the company's recent announcements around net-zero targets and exclusion policies, they think that these commitments could be further strengthened and they believe the shareholder proposal provides a good directional push.
Outcome of the vote	97.2% of shareholders supported the resolution.	83.8% of shareholders supported the resolution.	22.7% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor	LGIM will continue to engage on this important ESG issue.	LGIM will continue to engage on this important ESG issue.

	Vote 1	Vote 2	Vote 3
	company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	This was a high profile vote where the company proposed a change in articles to allow virtual-only AGMs beyond the temporary regulatory relief effective for 2 years from June 2021.	LGIM views climate change as a financially material issue for our clients, with implications for the assets we manage on their behalf. This was also a high profile proposal in Japan, where climate-related shareholder proposals are still rare.

Standard Life Global Absolute Return Strategies Fund

Abrdn view all votes as significant and have provided specific examples of significant votes undertaken over the year. The manager has identified five categories of votes they consider significant. We have selected one vote from the top three categories and listed them in order of importance below.

	Vote 1	Vote 2	Vote 3
Company name	Future Plc	The Goldman Sachs Group, Inc.	Johnson Matthey Plc
Date of vote	10 February 2021	29 April 2021	29 July 2021
Summary of the resolution	Approve Remuneration Policy	Report on Racial Equity Audit	Re-elect Patrick Thomas as Director
How the manager voted	For	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Not applicable	Yes	Not applicable
Rationale for the voting decision	It is Abrdn's strong view that the stability of the senior team at Future plc and the CEO in particular is of paramount importance to the long term prosperity of the group and the prospects for its ongoing success. Abrdn therefore supported the proposed changes to replace the current long term incentive plan with a new value creation plan as it is long term in nature, sets challenging targets and is applied across the whole of the workforce.	Abrdn have engaged with the company to discuss its current approach to diversity and inclusion and were impressed by the steps it is taking and plans it has in place to address areas that are challenging. Abrdn believe it is appropriate for the company to measure the success of these strategies and a racial audit will support that assessment. Abrdn recognise that it is difficult for companies to measure diversity and inclusion in the services that they provide and that there are multiple factors driving these provisions which could be misconstrued as	The board is currently only 25 percent women. Abrdn engaged with the company prior to voting and received some good assurance that action was being taken to address the shortfall in the near term.

being racially motivated. However, Abrdn believe that the resolution is not overly prescriptive and allows companies an acceptable margin of freedom to address this challenge.

Outcome of the vote	Data not provided by manager		
Implications of the outcome	Abrdn will continue to actively engage with companies and vote in the best interest of their clients.		
Criteria on which the vote is considered "significant"	High profile vote	Shareholder and Environmental & Social (E&S) Resolutions	Engagement

Columbia Threadneedle, Dynamic Real Return Fund

The Trustees invested in this fund on 24 August 2021.

	Vote 1	Vote 2	Vote 3
Company name	Chalice Mining Limited	Sun Hung Kai Properties Limited	Sun Hung Kai Properties Limited
Date of vote	24 November 2021	4 November 2021	4 November 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	>0.01%	>0.01%	>0.01%
Summary of the resolution	Approve issuance of options to Stephen McIntosh	Authorise reissuance of repurchased shares	Elect Wu Xiang-dong as Director
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Remuneration concerns	Dilutive impact	Attendance concerns
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.		
Criteria on which the vote is considered "significant"	Vote against management	Vote against management	Vote against management

Fund level engagement

The Scheme's investment managers engage with companies on behalf of the Trustees. Information relating to fund level engagement policies were requested from the Scheme's investment managers. LGIM and Abrdn have provided engagement examples at a firm level, rather than at fund level. Though the Threadneedle fund was invested in partway through the year, the information relates for the year to 31 December 2021, as this information was provided by the manager. Given the Trustees disinvested from the Barings Dynamic Asset Allocation Fund on 21 May 2021, the Fund has been excluded from the table.

Manager	LGIM	Abrdn	Columbia Threadneedle
Fund name	Global Equity Fixed Weights (50:50) Index Fund	Global Absolute Return Strategies	Dynamic Real Return Fund
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	625	n/a	127
Number of engagements undertaken at a firm level in the year	772	2,546	230
Examples of engagements undertaken with holdings in the fund	<p>The top engagement topics for LGIM over 2021 were:</p> <ul style="list-style-type: none"> • Remuneration • Board compensation • Diversity • ESG disclosures (including LGIM ESG Score) • Climate change • Strategy • Ethnic diversity • Public health • Water • Climate impact pledge <p>This is demonstrated by LGIM's engagement with Mitsubishi, in which they supported the shareholder proposal to adopt and disclose plans to align their businesses with the goals of the Paris Agreement. Although the company have shown progress, including a commitment to achieve carbon neutrality by 2050, LGIM chose</p>	<p>Abrdn engaged with Grupo Mexico, a mining and transportation conglomerate, particularly about the sustainability of its mining division. This involved discussion of water usage across operations, health and safety practices and moving towards membership of the International Council on Metals and Mining (ICCM).</p> <p>At a firm level the key engagement topics included: disclosure concerns, climate change, corporate governance, labour practices, remuneration, and social issues.</p>	<p>Columbia Threadneedle supported ESG risk management with some of its engagements.</p> <p>The manager has engaged with DC Smith PLC about the impact the company has on the environment. The manager identified possible weaknesses around the company's approach to water risk management and proactively met with the company. Engagement with the company's Head of Sustainability gave them comfort that the company was taking a proportionate approach to ESG risk factors.</p>

Manager	LGIM	Abrdn	Columbia Threadneedle
	to signal their concerns around the pathway to successfully deliver on the long-term commitments.		