

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 sets out the following information over the year to 31 December 2022:

- 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 2022 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 managers, 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 2022.

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	3,197	14	48
Number of resolutions the manager was eligible to vote on over the year	40,837	183	696
Percentage of resolutions the manager voted on	99.79%	72.13%	100.00%
Percentage of resolutions the manager abstained from	0.14%	0.00%	3.30%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	82.00%	79.55%	86.35%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	17.86%	20.45%	10.34%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	12.14%	17.42%	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 Trustee over the year to be set out. The guidance does not define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. 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. So, for this Implementation Statement, the Trustees

have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy.

LGIM Global Equity Fixed Weights (50:50) Index

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of vote	24 May 2022	12 May 2022	8 April 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.4	1.5	1.3
Summary of the resolution	Approve the Shell Energy Transition Progress Update	Approve Net Zero - From Ambition to Action Report	Approve Climate Action Plan
How the manager voted	Against	For	Against
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	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	Climate change: A vote for is applied, though not without reservations. While LGIM note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	Climate change: LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Outcome of the vote	79.9% of shareholders supported the resolution.	88.5% of shareholders supported the resolution.	84.3% 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 company and market-level progress.		

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.		

Standard Life Abrdn Global Absolute Return Strategies Fund

	Vote 1	Vote 2	Vote 3
Company name	The Kroger Co.	The Kroger Co.	The Kroger Co.
Date of vote	23 June 2022	23 June 2022	23 June 2022
Summary of the resolution	Proposal 5. Report on Efforts to Reduce Plastic Use	Proposal 6. Report on Human Rights and Protection of Farmworkers	Proposal 7. Report on Efforts to Eliminate HFCs in Refrigeration and Reduce GHG Emissions
How the manager voted	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Not applicable
Rationale for the voting decision	Abrdn commend the steps made so far in reducing plastic packaging and increasing the recyclability of own brand packaging. However, they believe that better disclosure of metrics and baselines will allow shareholders to more fully understand company's management of this issue.	While shareholders would benefit from increased transparency on the human rights risks the company is already in the process of addressing this. Kroger have committed to publishing an updated Human Rights Due Diligence framework later this year. Therefore, a vote in favour of this resolution is not warranted at this time.	Abrdn welcome the steps made by Kroger to reduce GHG emissions by 30 percent by 2030. Given the significance of HFC's to the company Scope 1 emissions and costs associated with moving to gases with lower global warming potential, clear disclosure and plans to achieve this is in the interests of shareholders.
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"	Shareholder and Environmental & Social (E&S) Resolutions	Shareholder and Environmental & Social (E&S) Resolutions	Shareholder and Environmental & Social (E&S) Resolutions

Columbia Threadneedle, Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	General Motors Company	Alphabet Inc.	Alphabet Inc.
Date of vote	13 June 2022	01 June 2022	01 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.01%	0.64%	0.64%
Summary of the resolution	Report on the Use of Child Labor in Connection with Electric Vehicles	Report on Metrics and Efforts to Reduce Water Related Risk	Report on Climate Lobbying
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?	No	No	No
Rationale for the voting decision	Supporting better ESG risk management disclosures		
Outcome of the vote	Fail	Fail	Fail
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, Columbia Threadneedle and Abrdn have provided engagement examples at a firm level, rather than at fund level.

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	738	Not provided	Not provided
Number of engagements undertaken at a firm level in the year	1,308	2,484	177

Manager	LGIM	Abrdn	Columbia Threadneedle
<p>Examples of engagements undertaken with holdings in the fund</p>	<p>The top engagement topics for LGIM over 2022 were:</p> <ul style="list-style-type: none"> • Remuneration • Board compensation • Energy • Climate change • Strategy • Gender diversity • Public health • Climate impact pledge <p>This is demonstrated by LGIM's engagement with BHP Group Limited, in which they supported the shareholder proposal to adopt and disclose plans to align their businesses with the goals of the Paris Agreement. Although LGIM considers the company the company to a leader in climate related disclosure, the resolutions did not pass. LGIM continues to engage with the company, believing that further quantitative disclosure is important especially in light of BHP's material commodity portfolio.</p>	<p>During 2022 Abrdn worked in collaboration with other institutional investors to lead two engagements with ENEL as part of the Climate Action 100+ (CA100+) initiative.</p> <p>In their engagements Abrdn spoke with members of Enel's investor relations team. The first collaborative engagement with the company took place in April 2022. The company provided important updates on their climate strategy including their new long-term targets related to Scope 1 emissions, their new 2030 gas targets for Scope 3 emissions, their progress on disclosing how capital expenditure is aligned to the Paris Agreement and their work to improve disclosure on lobbying.</p> <p>Together with the two CA100+ co-leads, Abrdn were pleased to acknowledge that, in November 2022, ENEL became the first and only company to fully align their corporate disclosures with the CA100+ Net Zero Company Benchmark.</p>	<p>Columbia Threadneedle had an engagement with NextEra Energy, to gain more insight regarding the impact of the US Inflation Reduction Act (IRA), as well as the implementation of forced labour rules on the solar supply chain in the US.</p> <p>The manager's utilities industry equity analyst organised a series of calls with US solar companies on this topic. The call with NextEra was joined by the responsible investment analyst as well as portfolio managers.</p> <p>The call provided valuable insight on the broader developments impacting the US solar industry and NextEra's position within this. Columbia Threadneedle concluded that the company is relatively insulated from the forced labour rules and very well positioned to seize the expansion and growth within solar energy in the US.</p>