



Thornton & Ross Limited 1978 Pension & Life Assurance Scheme Implementation Statement for the year ended 30 June 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Thornton & Ross Limited 1978 Pension & Life Assurance Scheme ("the Scheme") has followed the policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 30 June 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Trustee continues to follow the updated policies in relation to environmental, social, and governance ('ESG') and voting issues which have been documented in the Statement of Investment Principles ('SIP') updated on 30 September 2020. Post accounting year end the Trustee is due to update the SIP to reflect the recent changes to the investment strategy.

The Trustee's policy

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. The Trustee requires the Scheme's Investment Managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee will seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustee monitors the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.



Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed the Scheme’s policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the Investment Managers will have voting rights is equities. The Scheme currently has exposure to equities through the LGIM Retirement Income Multi-Asset Fund. A summary of the voting behaviour and most significant votes cast by each of the relevant Investment Managers is shown below.

Based on this summary, the Trustee concludes that the Investment Managers have exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee’s relevant policies in this regard.

Voting Information
Legal and General Investment Management Retirement Income Multi-Asset Fund
The manager voted on 99.8% of resolutions of which they were eligible out of 103,258 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 their clients. Their voting policies are reviewed annually and consider feedback from their 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 they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also consider client feedback received at regular meetings and/or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote
All decisions are made by LGIM’s Investment Stewardship team and in accordance with their 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 their stewardship approach flows throughout the engagement and voting process and that engagement is integrated into the vote decision process, therefore sending consistent messaging to companies.
How does this manager determine what constitutes a ‘Significant’ Vote?
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 aim to fulfil their reporting obligations by providing voting transparency. For many years, LGIM has regularly produced case studies and/or summaries of LGIM’s vote positions to clients for what they deemed were ‘material votes’. They are evolving their approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information.



In determining significant votes, LGIM's Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). 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 LGIM's annual Stakeholder roundtable event, or where they 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.

They will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions.

LGIM publicly discloses its vote instructions on its 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 they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their 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 they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their 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 them to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Toyota Motor Corp.	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	LGIM voted for the resolution	15.1% of shareholders supported the resolution.

THORNTON & ROSS LIMITED 1978 PENSION AND LIFE ASSURANCE SCHEME



<p>LGIM believe that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM will continue to engage with the company and monitor progress.</p>			
<p>Prologis, Inc</p>	<p>Resolution 1j - Elect Director Jeffrey L. Skelton</p>	<p>LGIM voted against the resolution.</p>	<p>N/A</p>
<p>A vote against is applied as LGIM expects a company to have at least one-third of the board comprised of female members. LGIM also expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>			
<p>Shell Plc</p>	<p>Resolution 25 - Approve the Shell Energy Transition Progress</p>	<p>LGIM voted against the resolution.</p>	<p>80.0% of shareholders supported the resolution.</p>
<p>A vote against is applied, though not without reservations. LGIM 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, LGIM 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 1.5C trajectory. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.</p>			
<p>Tencent Holdings Limited</p>	<p>Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director</p>	<p>LGIM voted against the resolution.</p>	<p>88.4% of shareholders supported the resolution.</p>
<p>A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. LGIM expects the Committee to be comprised of independent directors.</p>			
<p>Public Storage</p>	<p>Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal</p>	<p>LGIM voted for the resolution.</p>	<p>34.7% of shareholder supported the resolution.</p>
<p>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. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.</p>			

Signed: [REDACTED] on behalf of the Trustee

Date: 19 January 2024