



WILLIAM T EDEN PLC RETIREMENT BENEFITS SCHEME
2021 IMPLEMENTATION STATEMENT

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Implementation Statement (DB Section)

William T Eden Plc Retirement Benefits Scheme

Purpose of Implementation Statement

This Implementation Statement has been prepared by the Trustee of the William T Eden Plc Retirement Benefits Scheme (the "Scheme") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement, as set out in the Scheme's Statement of Investment Principles, have been followed over the period from 1 May 2020 to 30 April 2021;
- How the Statement of Investment Principles (SIP) has been followed over the period from 1 May 2020 to 30 April 2021; and
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the period from 1 May 2020 to 30 April 2021.

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, with input from their investment consultant, annually receives and review (through their Implementation Statement), the voting information and engagement policies of their investment managers to ensure alignment with their own policies. Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager are in alignment with the Scheme's stewardship policies.

How the SIP has been followed over the year

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

- The Trustee monitors the performance of the fund managers to ensure that they are meeting their stated objectives. Their investment consultants provide updates at Trustee meetings to assist with this process.
- The Trustee reviews the appropriateness of the investment strategy on an ongoing basis and conducts formal strategy reviews periodically. An investment strategy review was conducted during the first half of 2021 for the Defined Benefit (DB) Section of the Scheme, with proposed changes to the strategy currently being considered.
- The Trustee held the view that the funds invested in were managed over the year in accordance with their views on financially material factors.
- The SIP is reviewed alongside any changes to underlying funds or investment strategy (and at least every three years). The SIP was last updated in August 2020 to reflect new regulation in relation to documenting manager arrangements and providing an extended stewardship policy. The SIP was previously reviewed in September 2019 to reflect new regulatory requirements around documenting policies around financially material factors including ESG and climate risk.

- The Trustee made no new manager appointments over the year.

Voting Data

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are held through a pooled fund and as such the investment manager for this fund votes on behalf of the Trustee.

The Scheme's equity investments are managed by Legal & General Investment Management ("LGIM"). The Scheme also invests in the LGIM Absolute Return Bond Fund, LGIM Active Corporate Bond - All Stocks - Fund and the LGIM Matching Core Funds, which do not have any voting rights attached to them.

The table below provides a summary of the voting activity undertaken by the manager over the year to 31 March 2021 (as the nearest quarter-end to the Scheme Year end).

| Manager | LGIM |
|---|--|
| Fund name | World Equity Index Fund |
| Structure | Pooled |
| Ability to influence voting behaviour of manager | The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour. |
| Number of company meetings the manager was eligible to vote at over the year | 3,421 |
| Number of resolutions the manager was eligible to vote on over the year | 40,987 |
| % of resolutions the manager voted on | 99.84% |
| % of resolutions the manager abstained from | 0.55% |
| % of resolutions voted <i>with</i> management | 81.38% |
| % of resolutions voted <i>against</i> management | 18.07% |
| % of resolutions voted <i>contrary to the recommendation of the proxy advisor*</i> | 0.34% |

Source: LGIM

*LGIM employs Institutional Shareholders Services (ISS) as its proxy voting advisor.

Significant votes

There is currently no definition for what constitutes a "significant vote", so for this implementation statement the Trustee has delegated to the investment managers to define what a "significant vote" is. A summary of the data they have provided is set out below.

LGIM, World Equity Index Fund

LGIM provided 19 votes which they deem to be significant, covering a range of resolution topics. We have included the first three of these votes as a sample below. As noted below, further details on LGIM's voting can be found on their website.

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|---|--|
| Company name | Qantas Airways Limited | Whitehaven Coal | International Consolidated Airlines Group |
| Date of vote | 23 October 2020 | 22 November 2020 | 7 Sep 2020 |
| Approximate size of fund's holding as at the date of the vote | Data not provided by manager | | |
| Summary of the resolution | <p>Resolution 3: Approve participation of Alan Joyce in the Long-Term Incentive Plan</p> <p>Resolution 4: Approve Remuneration Report</p> | <p>Resolution 6: Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.</p> | <p>Resolution 8: Approve Remuneration Report</p> |
| How the manager voted | LGIM voted against resolution 3 and supported resolution 4. | LGIM voted for the resolution. | LGIM voted against the resolution. |
| 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 on its website with the rationale for all votes against management. | | |
| Rationale for the voting decision | <p>LGIM wanted to ensure the impact of the COVID-19 pandemic on the company's stakeholders was reflected in the executive pay package. LGIM supported the remuneration report given executive salary cuts, short-term incentive cancellations and the CEO's decision to defer the vesting of the long-term incentive plan (LTIP). However, their concerns as to the quantum of the 2021 LTIP grant remained, and they voted against this to signal their concerns.</p> | <p>LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal in LGIM's view will be key to reaching these global targets.</p> | <p>LGIM were concerned about the level of bonus payments set out in the company's remuneration report for the financial year to 31 December 2019, which were put to a shareholder vote at the 2020 annual general meeting. The bonus payments were 80% to 90% of salary for the current executives and 100% of salary for the departing CEO. LGIM noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).</p> |
| Outcome of the vote | Resolution 3: passed (90% for) Resolution 4: passed (91% for) | Did not pass (4% for) | Passed (28% against) |

| | Vote 1 | Vote 2 | Vote 3 |
|---|---|---|---|
| Implications of the outcome | LGIM will continue their engagement with the company. | LGIM will continue to monitor this company. | LGIM will continue to engage closely with the renewed board. |
| Criteria on which the vote is considered "significant" | It highlights the challenges of factoring in the impact of the COVID-19 pandemic into the executive remuneration package. | The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism. | The vote illustrates the importance for investors of monitoring their investee companies' responses to the COVID-19 pandemic. |

Fund level engagement

The investment manager may engage with their investee companies on behalf of the Trustee. The scope for engagement from the Liability Driven Investment funds managed by LGIM is extremely limited given the nature of the asset class.

The Scheme also invests in the LGIM Absolute Return Bond Fund and LGIM Active Corporate Bond – All Stocks – Fund and, where applicable, the manager engages with the investee companies on behalf of the Trustee.

LGIM were only able to provide engagement data at firm level. The data below is a summary of LGIM's global engagement at a firm level for the year up until 31 March 2021 (as the nearest quarter-end to the Scheme Year end).

| Manager | LGIM |
|---|---|
| Fund name | All LGIM funds |
| Does the manager perform engagement on behalf of the holdings of the fund | Yes |
| Has the manager engaged with companies to influence them in relation to ESG factors in the year? | Yes |
| Number of engagements undertaken on behalf of the holdings in this fund in the year | Data not provided at the fund level |
| Number of engagements undertaken at a firm level in the year | 974 |
| Examples of engagements undertaken with holdings in the fund | Engaged with a range of companies on issues including: ESG disclosures, Remuneration and Climate Change |

Summary

Based on the information received, the Trustee is satisfied that the fund manager has acted in accordance with the Scheme's stewardship policies.

**Prepared by the Trustee of the William T Eden Plc Retirement Benefits Scheme
17 November 2021**

William T Eden PLC Retirement Benefits Scheme (DC Section) Implementation Statement



Period covered: 1 May 2020 – 30 April 2021

The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in the 2019 Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”) require that the Trustees outline how they have ensured compliance with the policies and objectives set out in their Statement of Investment Principles (SIP) over the course of the year under review.

This statement should be read in conjunction with the Defined Contribution (“DC”) SIP a copy of which can be found at:

<https://meyertimber.com/pensions-regulations>

A description of the voting behaviour during the year, either by or on behalf of the Trustee or if a proxy voter was used, also needs to be included within this statement.

The Trustees’ Stewardship and Engagement policies are included in the Scheme’s SIP, which is available online or on request.

The Trustee is aware that as all investments are held in pooled funds, the Trustee can only view, rather than influence, their managers’ ESG and Stewardship behaviour, including the exercise of voting rights. The Trustees’ policy is to delegate the exercise of voting rights to their managers.

The Trustee does not take any non-financial¹ matters into account in the selection, retention and realisation of investments.

Changes to the SIP regarding Stewardship and Engagement during the Period

The SIP was reviewed in September 2020 to update the Trustees’ policies in relation to their arrangements with asset managers:

- How managers are incentivised and remunerated
- How performance is monitored
- Cost monitoring
- Frequency of manager reviews

This was in line with changes to the Regulations referred to above.

Reviews of fund managers’ ESG policies, stewardship and voting behaviour

The Trustee is keen that their managers are signatories of the UK Stewardship Code, and are pleased to report that all of the managers are current signatories.

All of the Trustees’ holdings are within pooled funds and the Trustee has delegate to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee have not used proxy voting services over the year. The Scheme’s funds are:

¹ Under the Legislation, “non-financial matters” means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme

- LGIM Global Equity Fund (50:50)
- LGIM Corporate Bonds Fund
- LGIM Cash Fund
- LGIM Global Equity Fund (70:30)
- LGIM Over 15 Year Gilts Fund
- LGIM UK Equity Index Fund
- LGIM Over 5-year Index-Linked Gilt Fund
- LGIM Diversified Fund

There have been no changes to the Scheme funds over the year.

The Trustee has reviewed their Investment Managers' policies on corporate governance and their voting behaviour as reported in the stewardship reports below:

<https://www.lgim.com/landg-assets/lgim/old-document-library/capabilities/uk-stewardship-code.pdf>

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf>

<https://www.lgim.com/uk/en/capabilities/corporate-governance/policies-and-voting-disclosures-uk-en/>

Further details on the policies and voting behaviour (including details of significant votes) of each fund used by the Scheme are appended to this statement.

The Trustee is satisfied that these are consistent with the Trustees' expectations, responsibilities, and SIP.

Performance review and review of manager

The Trustee is required to formally review the DC default investment strategy at least every three years or immediately following any significant change in investment policy or the Scheme's member profile. The last investment review was conducted in January 2019 and therefore the Trustee did not review the investment strategy over the last Scheme year.

The Trustee reviewed the manager's performance to the extent described above but did not carry out a re-tendering of any investment management appointment during the period, or an in-depth review covering matters such as portfolio turnover and associated costs, the Investment Manager's remuneration and performance relative to the market costs and performance of managers with similar strategies. The Trustee has monitored the funds' performance in the year through review of six-monthly performance reporting provided by the investment manager.

DC Chair's statement

The Trustee has set out commentary in its most recent DC Chair's statement covering the following matters:

- The investment options in which members' funds are invested;
- A summary of the core financial transactions undertaken;
- The charges and transaction costs borne by members, including illustrations;
- A 'value for members' assessment; and
- A summary of the Trustee knowledge and understanding.

The Chair's statement can be found at:

<https://meyertimber.com/pensions-regulations>

Statement of compliance with Regulations

Over the course of 2020, the Trustee is pleased to report that they have in their opinion adhered to the policies set out in their SIP and have complied with the Regulations.

Approved by the Trustee of the William T Eden PLC Retirement Benefits Scheme on 18 November 2021.