

Beatson Clark Pension Scheme (the “Scheme”)

Implementation Statement

Purpose of this statement

This implementation statement has been produced by Beatson Clark (Trustees) Limited, as the Trustee of the **Beatson Clark Pension Scheme (“the Scheme”)** to set out the following information over the year to **30 June 2024**:

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

Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at the review date describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in 2023 and has been made available online here:

[Microsoft Word - 2023 12 Beatson Clark Statement of Investment Principles \(Clean\) v1
\(d2yhwutl5clwxv.cloudfront.net\)](https://d2yhwutl5clwxv.cloudfront.net)

There were no changes to the Trustee’ stewardship policy over the year to 30 June 2024.

The Trustee decided not to set stewardship priorities for the Scheme for the time being because the Scheme solely invests through pooled investment vehicles where the Scheme’s asset only represents a small proportion of the capital invested in the funds. The Trustee understands that it is constrained by the policies of the managers. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually through its Implementation Statement.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such the Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme’s investment managers. The Trustee’ expectation is that the investment managers will utilise voting rights and engage with underlying companies so as to promote good corporate governance, accountability and to better understand how those companies incorporate Environmental, Social and Governance (“ESG”) factors into their business.
- The Trustee has an expectation that the investment managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme’s underlying holdings on such matters; viewing ESG factors as financially material. The Trustee does not currently impose any specific

restrictions on the investment managers with regard to ESG issues but will review this position from time to time.

- At the Scheme's year-end, the Scheme's investment managers with material asset holdings were Legal & General Investment Management ("LGIM") and M&G Investments ("M&G"). The Trustee meets as necessary to discuss performance of the funds and update on important issues.
- Annually the Trustee receives and reviews voting information and engagement policies from the asset managers. These are reviewed to ensure alignment with policies. This exercise was undertaken following the accounting year-end on 30 June 2024 and the results of this exercise are set out in detail below. Specifically, the Trustee reviewed the voting activity of those funds where there is believed to be an increased ability to influence positive practises (namely those that invest in equities).

Having reviewed the above in accordance with its policies, the Trustee is comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies.

**Prepared by Beatson Clark (Trustees) Limited, as the Trustee of the Beatson Clark Pension Scheme
October 2024**

Voting Data

Voting only applies to equities held in the Scheme's investment portfolio, as detailed above. The Scheme has material equity holdings through its investments in the following funds:

- LGIM World (ex UK) Equity Index Fund
- LGIM World (ex UK) Equity Index - GBP Hedged Fund

The Scheme's investment manager for the equity portfolio, LGIM, vote on behalf of the Scheme's holdings in pooled funds.

The voting data over the year to 30 June 2024 at a manager level is shown below. LGIM have taken the opportunity to use their vote in many cases and have shown their willingness to vote contrary to the proxy advisors.

This section provides a summary of the voting activity undertaken by LGIM on behalf of the Trustee over the year to **30 June 2024**. The property and credit funds held with M&G Investments and LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM
Fund name	World (ex UK) Equity Index World (ex UK) Equity Index GBP Hedged
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.
No. of eligible meetings	2,846
No. of eligible votes	33,850
% of resolutions voted	99.7
% of resolutions abstained *	0.3
% of resolutions voted with management*	78.3
% of resolutions voted against management*	21.5
Proxy voting advisor employed**	LGIM use Institutional Shareholder Services ("ISS") as their proxy voting adviser. ¹
% of resolutions voted against proxy voter recommendation	15.7

Source: LGIM.

*As a percentage of the total number of resolutions voted on.

**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. LGIM have put in place a custom voting policy with specific voting instructions concerning ESG related matters.

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 currently 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 Trustee has decided not to set stewardship priorities / themes for the Scheme. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to its investment managers over the period, as the Trustee is yet to develop a specific voting policy.

LGIM have provided a selection of 751 votes which they believe to be significant. The Trustee selected 3 the most significant votes for each fund which relate to a range of themes.

A summary of the significant votes provided is set out below, but further information on other significant votes is available upon request.

LGIM Equity Funds

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Tesla, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.4	4.0	0.7
Summary of the resolution	Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	Against	Against	Against
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	A vote against this proposal is applied, as LGIM believes that the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executive, therefore LGIM believes that a vote against this proposal is warranted. While most NEOs received modest or no compensation for financial year 2023, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive..
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Board Leadership: 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.	Diversity: LGIM views diversity as a financially material issue for clients, with implications for the assets managed on their behalf.	This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay.

Source: LGIM.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	LGIM	M&G	M&G
Fund names	World (ex UK) Equity Index, World (ex UK) Equity Index GBP Hedged	Maturing Buy and Maintain Credit Funds	PP Total Return Credit Investment Fund	PP UK Property Fund
Number of entities engaged on behalf of the holdings in this fund in the year	1,515	2020 – 2024 Fund: 101 2025 – 2029 Fund: 316 2030 – 2034 Fund: 298 2035 – 2039 Fund: 171 2040 – 2054 Fund: 210	9	Data not provided
Number of engagements undertaken at a firm level in the year	5,003	5,003	408	408

Source: LGIM and M&G Investments.

Taking the voting action above into account, the Trustee believes that the Managers have acted in accordance with the Scheme's stewardship policies.

Examples of engagement activity undertaken over the year to 30 June 2024

LGIM

Nippon Steel Corporation

Legal & General Investment Management (LGIM) identified an issue with Nippon Steel Corporation, Japan's largest steel producer and a global leader in steel manufacturing. Traditional steelmaking is a carbon-intensive process, and the shift toward low-carbon steel production requires policies supporting sustainable alternatives. LGIM, alongside third-party data, discovered that Nippon Steel lagged behind its peers in disclosing climate policy engagement. Moreover, Nippon Steel was listed among the most influential companies blocking global climate policy action.

In response, LGIM initiated engagement with Nippon Steel through its Climate Impact Pledge, especially focusing on climate-related lobbying in 2022. Despite several meetings and an expanded collaboration with other investors, the company's disclosures remained below expectations. As part of their escalation strategy, LGIM co-filed a shareholder proposal with the Australasian Centre for Corporate Responsibility (ACCR). This

proposal urged Nippon Steel to disclose climate-related lobbying activities and align with the goal of carbon neutrality by 2050.

The resolution received approximately 28% support, signaling that investors demand increased transparency in Nippon Steel's climate-related lobbying. Although the company has not fully met expectations, this level of shareholder backing is a record for a climate-related resolution in Japan. Looking forward, 2024 is critical as Japan updates its climate and energy policies. LGIM plans to continue engaging with Nippon Steel to ensure their policies align with investor expectations and global decarbonization goals.

M&G - PP Total Return Credit Investment Fund

AIA Group Ltd

In September 2023, M&G continued its engagement with AIA Group Ltd, a Hong Kong-based insurance company, focusing on improving the diversity and effectiveness of its board. The initiative was part of a broader effort by M&G to enhance governance practices within companies, specifically addressing board composition and effectiveness. M&G aimed to encourage AIA to increase female representation on its board, which was seen as a key area for improvement in the company's governance framework.

This engagement began in September 2021, during which M&G discussed board diversity and succession planning with AIA. Since then, AIA has made progress by appointing two female directors to its board. On 20th September 2023, AIA further announced the appointment of Ms. Nor Shamsiah Binti Mohd Yunus as an Independent Non-executive Director and a member of the Nomination Committee. This latest appointment brought the number of female directors on AIA's board to three, representing 23% of the board.

M&G has maintained ongoing communication with AIA throughout this process, including a recent call with Lance Burbidge from AIA's investor relations team. M&G's continuous dialogue and encouragement have contributed to AIA's efforts in enhancing board diversity, demonstrating the impact of long-term engagement in corporate governance improvement.