

Devro Limited (UK) Pension Plan Implementation Statement for the year ended 31 March 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Devro Limited (UK) Pension Plan (“the Plan”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Plan’s investments, and engagement activities during the year ended 31 March 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year. The Trustees’ policy is documented in the updated Statement of Investment Principles (“SIP”) dated November 2022.

The Trustees’ policy on ESG and stewardship of assets

The Trustees believe that there can be financially material risks relating to environmental, social and governance (‘ESG’) issues. The Trustees’ policies in relation to ESG and stewardship of assets are documented in their Statement of Investment Principles (‘SIP’). The latest version of the SIP is dated November 2022.

The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan’s investment managers. The Trustees require the Plan’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 Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to Plan’s investments to the investment managers and encourage 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 the Trustees’ policy on ESG and stewardship of assets is expressed is via manager selection exercises. When appointing a new investment manager, the Trustees seek advice from their investment consultant on the extent to which potential investment managers are incorporating views on ESG and climate change risks into their investment management process, and the extent to which the investment managers are demonstrating strong active ownership. During the reporting year, there were no such manager selection exercises.

Ongoing governance

The Trustees of the Plan are responsible for making investment decisions and have an Investment Committee to consider investment issues and make recommendations to the Trustee board. The Investment Committee attended regular meetings with the Trustees’ investment consultants throughout the year. These meetings included performance monitoring of the Plan’s assets, along with periodic updates on views about the selected investment managers, including an overall “ESG” rating which is subject to change throughout the year. The SIP sets out the Trustees’ policies for managing the Plan’s assets, and outlines the investment strategy and stewardship policy which was in place over the reporting period.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their 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 Plan has specific allocations to publicly listed equities. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

Please note that all information provided on voting activity has been written by the respective investment managers, and this is reflected in the use of "we/us" throughout. Any views expressed are not necessarily those of the Trustees.

Baillie Gifford Global Alpha Growth Fund

Voting Record
The manager voted on 98.29% of resolutions of which they were eligible out of 1,173 eligible votes.
Investment Manager Client Consultation Policy on Voting
All voting decisions are made by our ESG team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.
Investment Manager Process to determine how to Vote
Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.
How does this manager determine what constitutes a 'Significant' Vote?
<p>The list below is not exhaustive, but exemplifies potentially significant voting situations:</p> <ul style="list-style-type: none"> — Baillie Gifford's holding had a material impact on the outcome of the meeting — The resolution received 20% or more opposition and Baillie Gifford opposed — Egregious remuneration — Controversial equity issuance — Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders — Where there has been a significant audit failing — Where we have opposed mergers and acquisitions — Where we have opposed the financial statements/annual report — Where we have opposed the election of directors and executives.
Does the manager utilise a Proxy Voting System? If so, please detail

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
The Charles Schwab Corporation	Shareholder Resolution - Governance	Against	Fail
We opposed the shareholder resolution for provision of proxy access rights as we believe that the absence of aggregation limits may result in misuse of the shareholder right. We acknowledge managements willingness to progress their governance practices and we supported the management resolution.			
THE Charles Schwab Corporation	Shareholder Resolution - Governance	For	Fail
We supported the shareholder resolution for disclosure of lobbying activities and expenditure as we believe that greater transparency would enable shareholders to assess alignment with the company's values and corporate goals. We supported this shareholder proposal at the previous year's AGM and, despite some progress by the company, we supported again.			
Illumina, Inc.	Shareholder Resolution - Governance	Against	Fail
There were two resolutions to approve the threshold ownership level for shareholders to call a special meeting. We decided to support the 25% threshold proposed by the board, as we believe that it strikes an appropriate balance between facilitating shareholder rights and protection of long-term interests of the company by eliminating a possibility of one holder gathering a meeting. We opposed the shareholder proposal on the 15% threshold.			
The Trade Desk, Inc.	Remuneration	Against	Pass
We opposed the executive compensation due to concerns over the quantum and performance conditions attached to the large off-cycle grant made during the year. We did not feel that they aligned with shareholders' best interests.			
Netflix, Inc.	Shareholder Resolution - Governance	For	Pass
We supported a shareholder resolution for a report on lobbying payments and policy as we believe enhanced disclosure on these subjects is in shareholders' best interests. Given the majority support, we would expect the company to take account of shareholder concerns and potentially take action on the issue. We will continue to monitor progress and the company's actions in this area ahead of any further engagement on the issue.			

LGIM Future World Globally Equity Index Fund

Voting Record

The manager voted on 99.88% of resolutions of which they were eligible out of 54,368 eligible votes.

Investment Manager Client Consultation Policy on Voting

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 our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully 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 wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. 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 we 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.

We provide information on significant votes in the format of detailed case studies in our 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. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our 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 we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our 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 we receive from ISS for UK companies when making specific voting decisions. For more information on how we use the services of proxy providers, please refer to the following document available on our website: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf

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

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

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Amazon.com, Inc.	Resolution 1f - Elect Director Daniel P. Huttenlocher	Against	Pass
Human rights: A vote against was applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.			
NVIDIA Corporation	Resolution 1g - Elect Director Harvey C. Jones	Against	Pass
Diversity: A vote against was applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: A vote against was applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.			
Alphabet Inc.	Resolution 7 - Report on Physical Risks of Climate Change	For	Fail
Shareholder Resolution - Climate change: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.			

JPMorgan Chase & Co.	Resolution 1c - Elect Director Todd A. Combs	Against	Pass
<p>Accountability: Joint Chair/CEO: A vote against the relevant director was applied as LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.</p> <p>Remuneration: Escalation: A vote against the re-election of Stephen Burke (Committee Chair), Linda Bammann, Todd Combs and Virginia Rometty is applied in light of the one-off time-based award and our persistent concerns about pay structures at the Company. As members of the Compensation Committee, these directors are deemed accountable for the Company's pay practices.</p>			
Meta Platforms, Inc.	Resolution 5 - Require Independent Board Chair	For	Fail
<p>Shareholder Resolution - Joint Chair/CEO: A vote in favour was applied as LGIM expects companies to establish the role of independent Board Chair.</p>			