

Clyde Bergemann Power Group Pension Scheme - Implementation Statement

Statement of Compliance with the Clyde Bergemann Power Group Pension Scheme's Stewardship Policy for the year ending 29 February 2024.

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy (as set out in the Statement of Investment Principles) during the period from 1st March 2023 to 29th February 2024. It also describes the voting behaviour on behalf of the Trustee, including the most significant votes cast on its behalf during that period.

Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee's Stewardship Policy is subject to periodic review at least every three years and more frequently as required in line with the Scheme's Statement of Investment Principles (SIP). The most recent review was completed on 27 June 2023.

You can review the Scheme Stewardship Policy which can be found within the Scheme's Statement of Investment Principles, at [Revised Statement Of Investment Principles 2023 | Clyde Bergemann \(cbpgpensionscheme.co.uk\)](https://cbpgpensionscheme.co.uk/RevisedStatementOfInvestmentPrinciples2023)

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

Policy Implementation

The Trustee's own engagement activity is focused on dialogue with the Scheme's investment managers which is undertaken in conjunction with their investment advisers. The Trustee meets periodically with its managers and the Trustee consider managers' exercise of their stewardship both during these meetings and through reporting provided by its investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The Trustee seeks to ensure that its managers are exercising voting rights. The Trustee invests in equity assets through several different funds managed by Legal and General Investment Management ('LGIM') and through a diversified growth fund managed by Baillie Gifford (until January 2024 when this mandate was terminated) The Trustee's investment managers have reported on how votes were cast in each of these mandates as set out in the tables below.

Baillie Gifford¹

Baillie Gifford Diversified Growth Fund	
Proportion of Scheme's assets (as at 31 December 2023)	19.1%
No. of meetings eligible to vote at during the year	66
No. of resolutions eligible to vote on during the year	703
% of resolutions voted	94.6%
% of resolutions voted with management	97.0%
% of resolutions voted against management	2.7%
% of resolutions abstained	0.3%
% of meetings with at least one vote against management	16.7%

LGIM¹

LGIM Index Fund	Japan Equity	Europe (ex UK) Equity	North America Equity	Asia Pacific (ex Japan) Equity	UK Equity	FTSE RAFI All World Equity
Proportion of Scheme's assets (as at 29 Feb 2024)	1.1%	1.9%	2.0%	0.9%	4.8%	17.8%
No. of meetings eligible to vote at during the year	513	567	648	479	680	3,286
No. of resolutions eligible to vote on during the year	6,098	9,955	8,760	3,283	10,517	37,471
% of resolutions voted	100.0%	99.9%	99.7%	100.0%	99.8%	99.9%
% of resolutions voted with management	88.1%	80.3%	65.5%	73.7%	94.2%	79.0%
% of resolutions voted against management	11.9%	19.3%	34.5%	26.3%	5.8%	20.5%
% of resolutions abstained	0.0%	0.4%	0.0%	0.0%	0.0%	0.5%
% of meetings with at least one vote against management	70.6%	82.0%	97.7%	74.1%	42.0%	68.6%

¹ Voting data for the year end 31 December 2023

Significant votes

The Trustee has asked its managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. Managers were asked to explain the reasons why votes were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. From the managers' reports, and with assistance from their investment advisor, the Trustee has identified the following votes as being of greater relevance to the Scheme.

Baillie Gifford

Date	Company	Subject	Manager's vote and rationale	Outcome
18/05/2023	Nextera Energy, Inc.	Shareholder Resolution - Social	Voted for - supported a shareholder resolution requesting the company report on median pay gaps across race and gender. Baillie Gifford believes the additional disclosure would allow shareholders to better assess the internal equity of pay and would also allow comparability over time and across organisations.	Vote failed – Baillie Gifford will communicate their decision to support the shareholder resolution with the company and will explain the rationale for doing so. Although the resolution failed to secure enough support to pass, it did receive support from more than 24% of shareholders.
25/05/2023	American Tower Corporation	Appoint/Pay Auditors	Voted against - opposed the ratification of the auditor because of the length of tenure. Baillie Gifford believes it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.	Vote passed - Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. They asked about plans to tender last year but did not receive a response so this year they decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.
19/09/2023	DP Aircraft I Limited	Remuneration	Voted against - opposed the remuneration policy as they do not feel the ability to provide additional fee payments is appropriate given the current operating environment for the business.	Vote Failed - took the decision to continue opposing the remuneration policy due to the provision allowing for non-executive directors to receive additional fees. They will continue to relay their expectations regarding remuneration to the company.

The resolutions which Baillie Gifford voted against management the **most** on over the scheme year were mainly in relation to remuneration. Baillie Gifford have demonstrated long term opposition to these and have continued their engagement with the companies and encouraging them to take appropriate action.

LGIM

Date	Company	Subject	Manager's vote and rationale	Outcome
23/05/2023	Shell Plc (UK Equity Fund)	Environment – Approve the Shell Energy Transition Progress strategy	Against – against management recommendation	Vote passed - LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
14/06/2023	Toyota Motor Corp (Japan Equity Fund)	Environment - Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For – against management recommendation	Vote Failed - LGIM acknowledges the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, they believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified.
07/03/2023	Novartis AG (Europe ex-UK Equity Fund)	Diversity – Re-elect Joerg Reinhardt as Director and Board Chair	Against - LGIM expects a company to have a diverse board, with at least one-third of board members being women.	N/A - LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
07/12/2023	Microsoft Corporation (North America Equity Fund)	Governance – Elect Director Satya Nadella	Against - LGIM expects companies to separate the roles of Chair and CEO due to risk	N/A - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the

			management and oversight concerns.	topic of the combination of the board chair and CEO.
15/12/2023	National Australia Bank Limited (Asia Pacific Equity Fund)	Environment – Approve Transition Plan Assessments	For - LGIM expects companies to be taking sufficient action on the key issue of climate change. They acknowledge the Company's disclosures on sector policies and emissions reduction but believe that additional reporting on how this is assessed in practice is considered beneficial to shareholders.	Vote withdrawn - LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
02/06/2023	Alphabet Inc. (RAFI All World Equity Fund)	Governance - Approve Recapitalization Plan for all Stock to Have One-vote per Share	For – against management recommendation	Vote Failed - LGIM expects companies to apply a one-share-one-vote standard and will continue to monitor the board's response to the relatively high level of support received for this resolution.

LGIM voted against management across a wide range of topics including director elections, diversity and climate-related issues. In relation to climate, and as part of their Climate Impact Pledge, LGIM have made a public call for high quality and credible transition plans to be subject to a shareholder vote. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against the majority if they believe a better outcome can be achieved.

Engagement activity

The Trustee aims to hold meetings with the Scheme's investment managers on a periodic basis where, if appropriate, stewardship issues are discussed in further detail.

Summary of manager engagement activity

Baillie Gifford and LGIM both produce reports on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following tables summarise the key engagement activity for the 12-month period ending 31/12/2023.

Baillie Gifford

Topic engaged on	Number of times topic was engaged
Environmental	289
Social	296
Governance	556
Strategy	179

LGIM

Topic engaged on	Number of times topic was engaged
Environmental	1,820
Social	274
Governance	528
Other	119

Of the topics the managers engaged with companies on over 2023/24, both Baillie Gifford and LGIM frequently engaged on topics surrounding climate change, board composition and executive remuneration. The main methods of engagement were management meetings, shareholder calls and AGMs. Use of a proxy adviser

Engagement Activity

The Trustees investment managers have made use of the services of the following proxy voting advisors over the Scheme year:

Manager	Proxy Advisor used
Baillie Gifford	Do not use proxy advisor. All voting decisions are made in-house aligned with own policies.
LGIM	In-house custom voting policy in conjunction with ISS 'ProxyExchange' platform.

Review of policies

The Trustee has not undertaken a formal review of its investment manager's Responsible Investment ("RI") policies over the reporting period. The Trustee's investment advisors provide the Trustee with a regular assessment of the managers' RI capabilities. The Trustee is considering plans to conduct an annual review of the managers' engagement policies and how they have been implemented.

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme.