

# Implementation Statement

## Rubbolite Retirement and Death Benefit Scheme

### Purpose of this statement

This implementation statement has been produced by the Trustees of the Rubbolite Retirement and Death Benefit Scheme (“**the Scheme**”) to set out the following information over the year to 5 April 2023:

- how the Trustees’ 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 Trustees over the year, including information regarding the most significant votes

The voting behaviour is not given over the Scheme year end to 5 April 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2023.

### How voting and engagement policies have been followed

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

- At the year end the Scheme held all of its assets with Legal and General Investment Management (“LGIM”) in pooled funds. The Trustees have delegated the responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- The Trustees undertook an initial review of the stewardship and engagement activities of the current manager, LGIM, when appointing them and were satisfied that their policies were reasonable.
- The Trustees have not explicitly reviewed the stewardship and engagement activities of their current investment managers during the year to 5 April 2023.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which we review to ensure alignment with our own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund manager is in alignment with the Scheme’s stewardship policies.

### Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 5 April 2023 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2021 and has been made available online here:

<https://www.truck-lite.eu.com/media/wysiwyg/tleu/pdf/rubbolite-sip.pdf>

The SIP is due to be updated post year-end to reflect the changes agreed from the investment strategy review. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

At this time, the Trustees have not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

**Prepared by the Trustees of the Rubbolite Retirement and Death Benefit Scheme  
June 2023**

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2023. The Buy & Maintain Credit, Sterling Liquidity and LDI Matching Core Funds with LGIM, which form the Protection Portfolio, have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate. The LPI Income Property Fund also has no voting rights attached to it and so is not included in the table below.

Manager	LGIM	
<b>Fund name</b>	Future World Global Equity Index Fund (both GBP hedged and unhedged)	Dynamic Diversified Fund
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	5,067	9,541
<b>No. of eligible votes</b>	54,368	99,647
<b>% of resolutions voted</b>	99.9%	99.8%
<b>% of resolutions abstained</b>	1.0%	0.7%
<b>% of resolutions voted with management<sup>1</sup></b>	80.4%	77.6%
<b>% of resolutions voted against management<sup>1</sup></b>	18.6%	21.7%
<b>Proxy voting advisor employed</b>	ISS's 'ProxyExchange' electronic voting platform	
<b>% of resolutions voted against proxy voter recommendation</b>	10.5%	12.6%

## FACET Investment Management

Note that at the year-end the Trustees had a care and maintenance arrangement with FACET. This is while the investment manager attempts to liquidate the positions held (some of which have been written off).

FACET have stated they are not an active investor, and generally they only buy into a company when satisfied that the company has sound corporate governance, considers diversity on the Board and within the workforce, considers their impact on the society and the environment that they operate in. The company has a statement regarding sustainability of the business model.

In general, FACET will vote in line with the management of the company.

FACET will consider voting against management if the company does not have good reasons for the following:

<sup>1</sup> As a percentage of the total number of resolutions voted on

- Separation of Chair and CEO roles
- Does not have two independent non-executive directors
- If any breach of bribery & corruption rules took place, FACET will vote against any Board member that did not act when it occurred
- Executive pay: will vote against contracts over 1 year, if increases are far above that of the workforce and/or if incentive schemes are not simple and clearly defined.

## 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, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. LGIM have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund, chosen to demonstrate the breadth of themes that LGIM voted on.

The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities.

### LGIM, Future World Global Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Amazon.com, Inc	Alphabet Inc.	Bank of America Corporation
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.7%	0.9%	0.7%
<b>Summary of the resolution</b>	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 1g - Elect Director Brian T. Moynihan
<b>How the manager voted</b>	Against	For	Against
<b>Rationale for the voting decision</b>	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. Since 2020, they have voted against all combined board chair/CEO roles.
<b>Outcome of the vote</b>	93.3% For	17.7% For	95.1% For
<b>Implications of the outcome</b>	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered “significant”</b>	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

## LGIM, Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Royal Dutch Shell Plc	Prologis, Inc.	American Tower Corporation
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.3%	0.3%	0.1%
<b>Summary of the resolution</b>	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 1f - Elect Director Robert D. Hormats
<b>How the manager voted</b>	Against	Against	Against
<b>Rationale for the voting decision</b>	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p> <p>Independence: A vote against is 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.</p>	<p>Diversity: A vote against is applied as the company has an all-male Executive Committee.</p>
<b>Outcome of the vote</b>	79.9% For	92.9% For	98.1% For
<b>Implications of the outcome</b>	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf</p>

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. 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, property and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. Similarly, FACET are engaging on each of their underlying holdings in order to either liquidate the holding or to recover as much as possible.

Manager	LGIM	LGIM	LGIM
<b>Fund name</b>	Future World Global Equity Index Fund (both GBP hedged and unhedged)	Dynamic Diversified Fund	Buy & Maintain Credit Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	720	979	161
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	462	694	86
<b>Number of engagements undertaken at a firm level in the year</b>		1,685	

## Examples of engagement activity undertaken over the year to 31 March 2023

### LGIM

#### Kansai Electric Power: Governance and Climate

In their Q1 2023 ESG Impact Report, LGIM summarised engagements made with Kansai Electric Power, where they identified several governance areas for improvement, the company appear to lag on some of the minimum expectations of board composition, and on climate change, where the company does not meet LGIMs expectations under the Climate Impact Pledge.

They met with Kansai Electric Power specifically to discuss these concerns. LGIM discussed Director independence and the presence of executives on the committee which LGIM think should be fully independent, cross-shareholdings, limits to the tenure of senior advisors to the board, the lack of interim emissions targets and lack of time-bound commitment to exit coal-fired power generation.

LGIM also engaged with the company through the 2022 AGM, with their voting aligning with the issues raised above.

The meeting was productive, with Kansai Electric Power now meeting the minimum expectation for female board composition in Japan of 15%, which LGIM hope will continue to rise. LGIM look forward to working with them closer in the future to better these issues they view in the company.