



Airsprung Retirement & Death Benefits Plan

Implementation Statement for year ended 31 March 2024
August 2024

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Introduction

This statement has been prepared by the Trustees of the Airsprung Retirement & Death Benefits Plan (the 'Trustees' and the 'Plan' respectively), with input from their Investment Consultants, to demonstrate how the Trustees have acted on certain policies within their Statement of Investment Principles (SIP).

Each year, the Trustees must produce an Implementation Statement that demonstrates how they have followed certain policies within their SIP over the Plan year. This Implementation Statement covers the Plan year from 1 April 2023 to 31 March 2024.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit (DB) investments held by the Plan. Note that this excludes any Additional Voluntary Contribution investments held by the Plan.

Trustees of DB pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including a description of their voting behaviour, the most significant votes cast and any use of a proxy voter on their behalf over the year.

SIP policies

This implementation statement should be read in conjunction with the Plan's SIPs covering the year under review, which gives details of the Plan's investment policies along with details of the Plan's governance structure and objectives. The SIP was formally reviewed in June 2021, with the Trustees stating the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Trustees' policy is to invest in pooled investment vehicles. It is the Investment Managers that are responsible for the policy on taking environmental, social and governance ('ESG') considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.
- In relation to those investment vehicles which are index tracking, the Trustees recognise that the investment objective for the manager is to track the specified index and that the extent to which ESG factors are considered by the manager when selecting, retaining and realising investments will depend on the specified index. However, the Trustees expect the Investment Managers to use the voting rights and to actively engage with the senior management of the companies in which it invests in order to encourage positive ESG change.
- The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Plan's interests in the investments, having regard to appropriate advice.
- The Trustees expect the Plan's Investment Managers to integrate ESG factors into the decision making process when selecting, retaining and realising investments and for this to be reported to the Trustees. The Trustees also expect the Plan's Investment Managers to provide regular updates on how it exercises voting rights and actively engages with the companies in which it invests, including how often it votes against company proposals.
- The Trustees expect the investment manager to use its voting rights and to actively engage with the senior management of the companies in which it invests on aspects including firm performance, strategy, capital structure, management of actual and potential conflicts of interest, risks and ESG issues. The Trustees also expect the investment manager to engage with other relevant persons including issuers and holders of debt and equity and other stakeholders. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.
- A policy on monitoring the Plan's asset managers, particularly concerning financial arrangements and ESG factors, including meeting the Plan's fund managers as frequently as is appropriate in order to review performance including with respect to performance, remuneration and compliance against their ESG policy and using the Plan's monitoring framework.
- A policy on the duration of the Plan's arrangement with the investment managers, which includes that if the Investment Manager is no longer in accordance with the Trustee's policies, including ESG and engagement

with investee organisations, or if the Investment Manager's performance net of fees or ESG practices are also not in line with the Trustee's expectations or views then they may be reviewed and replaced.

There have been no changes made to the policies over the current Plan year to 31 March 2024. The Plan's SIP was last updated in June 2021 to reflect the investment strategy agreed at that time.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Plan year-end and the extent to which the Trustee believes the policies within the SIP have been followed.

Over the year to 31 March 2024, the Plan invested in pooled funds managed by Legal & General Investment Management ('LGIM') and Partners Group (together, the 'Investment Managers').

Description of voting and engagement behaviour

The Plan is invested in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Plan sits with the Investment Managers. The votes made on behalf of the Trustees over the Plan year are summarised below.

Over the year to 31 March 2024, the Plan held the following pooled fund investments:

- Partners Group Generations Fund;
- LGIM Buy & Maintain Credit Fund; and
- a liability driven investment (LDI) portfolio with LGIM.

The tables below show the voting summaries for each of the Plan's investments in which voting took place during the Plan year, namely the LGIM Buy & Maintain Credit Fund and the Partners Group Generations Fund. The Investment Managers are developing their reporting but are currently only able to provide voting statistics for 12-month periods to standard quarter-ends (in the case of LGIM) or to standard half-years (in the case of Partners Group). Therefore, we have included voting information covering the most relevant 12-month period for each fund.

Partners Group Generations Fund

The table below shows Partners Group's voting summary for the Partners Group Generations Fund. We have included voting information covering the most relevant 12-month period from 1 January 2023 to 31 December 2023. The Plan's holding in this Fund was redeemed in full on 27 December 2023.

Partners Group Generation Fund	1 January 2023 – 31 December 2023
Number of meetings Partners Group was eligible to vote at over the year to 31/12/2023	67
Number of resolutions Partners Group was eligible to vote on over the year to 31/12/2023	999
Of the eligible resolutions, percentage that Partners Group voted on	100%
Of the resolutions voted, percentage that Partners Group voted with management	93%
Of the resolutions voted, percentage that Partners Group voted against management	6%
Of the resolutions voted, percentage where Partners Group abstained	1%
Percentage of eligible meetings where Partners Group voted at least once against management	36%
Percentage of voted resolutions where Partners Group voted contrary to the recommendation of their proxy adviser	4%

Note, totals may not sum due to rounding.

LGIM Buy & Maintain Credit Fund

The following table shows LGIM's voting summary for the LGIM Buy & Maintain Credit Fund over the year to 31 March 2024.

LGIM Buy & Maintain Credit Fund	1 April 2023 – 31 March 2024
Number of meetings LGIM was eligible to vote at over the year to 31/03/2024	2
Number of resolutions LGIM was eligible to vote on over the year to 31/03/2024	2
Of the eligible resolutions, percentage that LGIM voted on	100%
Of the resolutions voted, percentage that LGIM voted with management	100%
Of the resolutions voted, percentage that LGIM voted against management	0%
Of the resolutions voted, percentage where LGIM abstained	0%
Percentage of eligible meetings where LGIM voted at least once against management	0%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser	0%

Note, totals may not sum due to rounding.

Other investments

The remainder of the Plan's assets are invested in leveraged and single-stock nominal and index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Plan's liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

Proxy voting

The Trustees did not employ a proxy-voting service during the year to 31 March 2024.

LGIM votes by proxy through the Institutional Shareholder Services' (ISS) electronic voting platform as, given the scale of its holdings, the manager cannot be present at shareholder meetings to cast votes. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service (IVIS). To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

Partners Group also votes by proxy through Glass Lewis, a proxy advising firm who undertake research on each ballot item and recommends votes in line with best practice, including local market standards. Glass Lewis has been instructed to vote in-line with Partners Group's bespoke Proxy Voting Directive, which contains specific ESG and Sustainability corporate governance considerations that arise frequently. In circumstances where Glass Lewis's recommendation is different to that from the Proxy Voting Directive and the company's management, Partners Group will vote manually on the proposal.

How engagement policies have been followed

The Trustees' Investment Consultants have provided information to the Trustees on the voting and engagement activity taken on their behalf and have discussed it with the Trustees. The Trustees have agreed that, in future, summaries would be provided to enable key metrics and trends to be reviewed. The information published by the Investment Managers on their voting policies has provided the Trustees with comfort that their voting and engagement policies have been followed during the Plan year.

As set out in the SIP, the Trustees expect the Investment Managers to engage with investee companies on aspects such as firm performance, strategy, capital structure, management of actual and potential conflicts of interest, risks and ESG issues concerning the Trustees' investments.

Details of specific voting and engagement topics are shown in the following table.

Voting and engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	Partners Group and LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	Partners Group and LGIM believe that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that is invested in or held as a counterparty. Partners Group and LGIM have clear voting policies covering each of these topics and have acted on them throughout the Plan year on behalf of the Trustees.
Risks	✓	<p>LGIM and Partners Group have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.</p> <p>LGIM believes that increased transparency and disclosure can allow for financially material risks to be identified. LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting.</p> <p>To ensure that employees at Partners Group are acting within the regulatory and legal environment that is associated with their investments, Partners Group has clear policies on business ethics, whistleblowing, anti-bribery, anti-money laundering and prevention of market abuse which all employers comply with. In scenarios where risks and concerns are raised, Partners Group also has processes in place to ensure that that these can be resolved in an appropriate manner.</p>
Social and environmental impact	✓	<p>LGIM has engaged with companies that have poor climate scores relative to their size and for those that don't meet minimum standards and if these minimum standards are not met over time, LGIM may look to divest until progress is shown.</p> <p>LGIM has also introduced a policy to vote against the chair of the board of UK companies which fall short on LGIM's ethnic diversity expectations.</p> <p>As a direct lead investor, Partners Group is able to exert its control at a board level to integrate a range of ESG policies and initiatives.</p>
Conflict of interest	✓	<p>Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.</p> <p>Partners Group has policies relating to conflicts of interest, namely within their whistleblowing and prevention of market abuse policies that apply to all employees, which extend to the underlying investments of the Generations Fund.</p>

<p>Corporate governance</p>	<p>✓</p>	<p>LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. LGIM has reinforced their position on leadership structures across our stewardship activities such as via individual corporate engagements and director conferences.</p> <p>In 2024, LGIM further enhanced its global policy expectations that at least 40% of company boards and executive leadership teams are women.</p> <p>To ensure that each board is operating at an appropriate level, Partners Group use a 'board maturity' assessment to evaluate effectiveness covering areas such as performance and company strategy. Additionally, Partners Group aim to appoint a board member or executive at the leadership level to become responsible for developing a meaningful ESG journey plan within 100 days of investment.</p>
<p>Capital structure</p>	<p>✓</p>	<p>LGIM and Partners Group have policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance.</p> <p>For example, LGIM and Partners Group have policies that newly issued shares should not expose minority shareholders to excessive dilution.</p> <p>LGIM also has policies that protect minority shareholder rights including "one share, one vote" to avoid weakening of corporate governance as investors ability to influence and hold directors accountable would be reduced.</p>

Significant votes

LGIM provides details of what it believes to be the most significant votes cast on the Trustee's behalf during the period. LGIM has advised that over the period 1 April 2023 to 31 March 2024 there were no significant votes cast on the Trustee's behalf.

Due to the private markets nature of the Partners Group fund, voting is only relevant for a small proportion of the portfolio. Partners Group has provided some examples of significant votes over the year to 31 December 2023 and noted that due to its control of the Board it was able to implement a range of ESG policies and initiatives. These include Wedgewood Pharmacy, who completed their Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its Greenhouse Gas Reduction objectives. Another example is Breitling, which continued to implement the measurement of its environmental impact, including greenhouse gas emissions, and developed measures to reduce the negative impact, mainly in its supply chain. In March 2023, the company submitted a target validation request to the Science Based Targets initiative. Breitling aims to minimize its environmental impact, reducing Scope 1 + 2 emissions by 80% by 2032 and achieving net zero by 2050.

Engagement with investee companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Plan's fixed income investments the LGIM Buy and Maintain Credit Fund or the Partners Group Generations Fund as these investments do not always carry voting rights.

LGIM actively engages with the investee companies in writing, via conference call and at face-to-face meetings with management to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

LGIM manage over £1.2 trillion in assets, and use their resulting influence, focussing their engagement activities on climate change, income equality, diversity, and ESG integration.

LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's policies are reviewed annually and take into account client feedback.

At a fund specific level, LGIM provided that the Buy and Maintain Credit Fund saw the following engagement statistics in the year to 31 March 2024.

	Total engagements	No. unique companies engaged	Environmental topics	Social topics	Governance topics	Other topics
Buy and Maintain Credit Fund	177	83	80	60	90	34

Note: individual engagements may cover multiple topics.

The Trustees have requested information on engagement activities from Partners Group, who were unable to provide statistics at the Partners Group Generations Fund level.

Extent to which the Trustees' policies have been followed during the year

Having received information from their Investment Consultants on the actions taken on their behalf by LGIM and Partners Group, the Trustees, with input from their Investment Consultants, are satisfied that their policies on voting rights and engagement have been implemented appropriately over the year and in line with their views as stated in the Plan's SIP. The Trustees will continue to monitor the actions taken on their behalf each year, and, through their Investment Consultants, press for improved information from the Investment Managers, especially in relation to engagement activities relating to the Plan's private markets investment by Partners Group.

If the Investment Managers deviate substantially from the Trustees' stated policies, the Trustees or their Investment Consultants will initially discuss this with the relevant manager. If in the opinion of the Trustees, and following discussion with their Investment Consultants, the difference between the policies and the investment manager's actions is judged to be material, the Trustees will consider terminating the mandate.

