

Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the “Scheme Year”)

The Trustee of the Peel Ports Final Salary Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The manager voting policies can be found using the following link:

- LGIM: [UK Corporate Governance and Responsible Investment Principles policy document \(issgovernance.com\)](#)

However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement. It also assesses their approaches to financially material considerations (including climate change and other ESG considerations).

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. In December 2022, the Trustee agreed to select the following stewardship priorities for the Scheme: Climate change; Diversity, Equity and Inclusion; and Remuneration. These priorities were selected as good stewardship can improve long-term financial outcomes for the Scheme’s members.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements where appropriate.

3. Description of voting behaviour during the Scheme Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers’ voting and engagement behaviour on an annual basis and will challenge managers where their activity has not been in line with the Trustee’s expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

- LGIM All World Equity Index Fund (covering both the local currency and GBP hedged versions of the fund) – fully disinvested in October 2024

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviews these policies as part of producing the Implementation Statement, and is comfortable that the policies are aligned with the Trustee's views.

LGIM's voting process

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. It also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

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 the 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.

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 it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

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

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

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. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year (up until the full redemption on 16 October 2024) is provided in the table below.

| LGIM All World Equity Index Fund | |
|--|--|
| Total size of fund at end of the Scheme Year * | £5.1bn (local currency) £2.2bn (GBP hedged) |
| Value of Scheme assets at end of the Scheme Year (£ / % of total assets) | - * |
| Number of equity holdings at end of the Scheme Year * | 4,163 |
| Number of meetings eligible to vote | 4,518 |
| Number of resolutions eligible to vote | 49,547 |
| % of resolutions voted | 99.9% |
| Of the resolutions on which voted, % voted with management | 79.8% |
| Of the resolutions on which voted, % voted against management | 19.5% |
| Of the resolutions on which voted, % abstained from voting | 0.7% |
| Of the meetings in which the manager voted, % with at least one vote against management | 65.9% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 10.9% |

*As the fund is weekly dealt, the Scheme Year end data that LGIM provides is as at 31 March 2025.

**The Scheme made a full redemption from the LGIM All World Equity Index Fund (local currency and GBP hedged versions of the fund) on 16 October 2024.

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist. By informing its managers of its stewardship priorities, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's chosen stewardship priorities: Climate change; Diversity, Equity & Inclusion; and Remuneration.

The Trustee has reported on two of these significant votes per fund as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

LGIM All World Equity Index Fund

Tesla Inc. (June 2024)

- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation
- **Relevant stewardship priority:** Remuneration
- **Approximate size of the holding at the date of the vote:** 0.7%
- **Why this vote is considered to be the most significant:** The resolution relates to stewardship priorities.
- **Company management recommendation:** For

- **Fund manager vote:** Against
- **Rationale:** A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most named executive officers received modest or no compensation for FY23, 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.
- **Was the vote communicated to the company ahead of the vote:** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
- **Outcome of the vote:** Pass. LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Shell Plc. (May 2024)

- **Summary of resolution:** Resolution to Approve the Shell Energy Transition Strategy
- **Relevant stewardship priority:** Climate Change
- **Approximate size of the holding at the date of the vote:** 0.3%
- **Why this vote is considered to be the most significant:** The resolution relates to stewardship priorities.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** LGIM acknowledges the substantive progress the company has made in respect of climate related disclosure over recent years, and LGIM views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM believes it would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.
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- **Outcome of the vote:** Pass. LGIM will continue to engage with its investee companies, publicly advocate our position on this issue and monitor company and market-level progress.