Benjn. R. Vickers & Sons Limited Retirement Benefits Plan (1975)

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustee of the Benjn. R. Vickers & Sons Limited Retirement Benefits Plan (1975) (the Plan) to set out the following information over the year to 31 December 2022:

- the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and
- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Stewardship policy

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

Trustee's policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at the year-end describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

> *"The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan reports this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets."*

The Trustee's SIP was last reviewed in July 2022 following a change in the investment strategy. The SIP has been made available online here:

https://vickers-oil.com/wp-content/uploads/2022/07/Statement-of-Investment-Principles-Jul-2022.pdf

How voting and engagement policies have been followed over the year

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- The Trustee, with input from their investment consultant, annually receives and reviews (through their Implementation Statement), the voting information and engagement policies of their investment manager to ensure alignment with their own policies. The findings of the Trustee's review are reported

in this Implementation Statement which will also be included in the Plan's Annual Report and Accounts for the year to 31 December 2022.

- Having reviewed the data presented below and in accordance with their policies, the Trustee is comfortable that the actions of the investment managers are in alignment with the Plan's stewardship policies.

Voting Data

The Plan invests entirely in pooled funds and therefore the Plan's investment managers listed below vote on behalf of the Plan's holdings in the pooled funds:

- Baillie Gifford & Co Limited ("Baillie Gifford");
- Legal and General Investment Management ("LGIM");
- Partners Group (UK) Limited ("Partners Group");

There are no voting opportunities in relation to the Plan's bond holdings i.e. the LGIM Matching Core Funds, the LGIM Absolute Return Bond Fund and the TwentyFour Absolute Return Credit Fund. These funds invest only in fixed income assets, which have no voting rights.

The Baillie Gifford Multi Asset Growth Fund, the LGIM Diversified Fund and the Partners Generations Fund invest across a diverse range of asset classes and are therefore included below as the equity holdings carry voting rights. Voting data is shown on the following page.

Manager	Baillie Gifford	LGIM	LGIM	Partners Group
Fund name	Baillie Gifford Multi Asset Growth Fund	Diversified Fund	Future World Global Equity Index Fund	Partners Group Generations Fund
Structure	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.			
Number of company meetings the manager was eligible to vote at over the year	89	9,567	4,942	69
Number of resolutions the manager was eligible to vote on over the year	933	98,795	53,097	959
Percentage of resolutions the manager voted on	95.6%	99.8%	99.9%	100.0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	95.3%	77.4%	80.4%	95.4%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	3.5%	21.9%	18.6%	2.3%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	1.2%	0.7%	1.0%	2.3%
Proxy voting advisor employed, as a percentage of the total number of resolutions voted on	Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies.	ISS	ISS	Partners Group use Glass Lewis and create their own policy.
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	12.5%	10.6%	1.0%

Source: Baillie Gifford, Columbia Threadneedle, LGIM and Partners Group
Totals may not sum due to rounding.

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. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustee has 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. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Baillie Gifford and Partners Group have provided a selection of 10 votes which they believe to be significant and LGIM provided a selection of over 500 votes for each fund which they believe to be significant. In the interest of concise reporting the tables below show three of these votes for each fund, that cover a range of themes to represent a selection of significant votes cast on behalf of the Scheme.

A summary of the significant votes provided is set out below, but further information on other significant votes is available upon request. For the Partners Group Generations Fund, private markets investments are the largest exposure within the Fund and these are typically held directly, where Partners Group controls the board and therefore direction/strategy of the business. The Fund's exposure in listed equity is usually less than 10%. As a result, Partners Group have provided the ESG efforts of the Fund's largest holdings instead of significant votes.

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Duke Realty Corporation	LEG Immobilien SE	Greggs Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7%	0.4%	0.3%
Summary of the resolution	Say on Pay Frequency	Remuneration policy on executive compensation	Remuneration report
How the manager voted	Against	Against	Against
Rationale for the voting decision	Baillie Gifford opposed the advisory proposal to approve executive compensation to be paid in connection with the company merger, due to concerns regarding single trigger provisions and the introduction of excise tax gross-ups in connection with severance payments.	Baillie Gifford opposed the executive compensation policy as they did not believe the performance conditions were sufficiently stretching.	Baillie Gifford voted against the remuneration report due to concerns over executive pay increases and misalignment of pension rates.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	While Baillie Gifford were supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 91.6% dissent from shareholders. Baillie Gifford unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM and will continue their efforts to do so going forward.	Following the vote, LEG Immobilien was made aware of Baillie Gifford's dissent on remuneration and of their expectation on pay.	The vote against the remuneration report was explained by Baillie Gifford to Greggs and clarification was sought on the pay setting for the CEO. Greggs acknowledged the feedback provided on pensions and pay increases for executives and also provided explanations on how the new CEO's salary was set.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This vote is significant as Baillie Gifford opposed remuneration.	This vote is significant as Baillie Gifford opposed remuneration.

LGIM Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	Royal Dutch Shell Plc	BP Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.3%	0.1%
Summary of the resolution	Elect Director Hamid R. Moghadam	Approve the Shell Energy Transition Progress Update	Approve Net Zero - From Ambition to Action Report
How the manager voted	Against	Against	For
Rationale for the voting decision	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. 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.	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.	Climate change: A vote for is applied, though not without reservations. While LGIM note the inherent challenges in the decarbonisation efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM's view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.
Outcome of the vote	92.3%	79.9%	88.5%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	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 has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences.	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 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 Future World Global Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	The Home Depot, Inc	Amazon Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.3%	0.6%	1.7%
Summary of the resolution	Report on Civil Rights Audit	Require Independent Board Chair	Elect Director Daniel P. Huttenlocher
How the manager voted	For	For	Against
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM support proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expect companies to establish the role of independent Board Chair.	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.
Outcome of the vote	53.6%	23.9%	93.3%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM view gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM pre-declared their vote intention for this resolution, demonstrating its significance.	LGIM consider this vote significant as it is an escalation of LGIM's climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Partners Group Generations Fund

	Vote 1	Vote 2	Vote 3
Company name	Axia Women's Health	EyeCare Partners	Pharmathen
ESG effort	Axia Women's Health has improved its quality of care and clinical outcomes, providing a superior and convenient patient experience, exhibiting a reduction in hospital days per patient to 2.1 days, alongside a 10.9% reduction in c-section rates, and a 67.8 net promoter score.	In 2022, the number of patients served by EyeCare Partners (ECP) rose to 3 million, with the company exceeding its targets for average net promoter score (NPS) for its ECP clinics and Medicare/Medicaid patients served.	In May 2022, Pharmathen launched a sustainability assessment with EcoVadis. The results will be incorporated into Pharmathen's ESG Strategy.
Implications of the outcome	The company has launched its first sophisticated employee engagement survey with 73% participation and will use the results to craft specific employee engagement initiatives. Furthermore, Axia Women's Health has established a Risk & Audit committee (including cybersecurity), while ensuring ownership and accountability at executive and board level and establishing a cyber baseline with regular reporting.	Several initiatives were implemented to improve stakeholder benefits. For instance, significant investment in benefits were made in 2021 and 2022. In addition, the company increased communication around its ECP Cares Foundation, a non-profit organization dedicated to giving back to ECP team members in need. Meanwhile, Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%). Lastly, baselines and specific initiatives were established based on the doctor and employee engagement surveys conducted during the first half of 2022.	The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.

Engagement data

The Trustee considers it a part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Plan. Please note that we have not collected engagement data for the Plan's LDI holdings with LGIM, because there is limited scope for managers to engage with gilt holdings.

Manager	Baillie Gifford	LGIM	Partners Group[1]	TwentyFour
Fund name	Baillie Gifford Multi Asset Growth Fund	Diversified Fund, Future World Global Equity Index Fund Absolute Return Bond Fund	Partners Group Generations Fund	Absolute Return Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	29	Diversified Fund: 667 Future World Global Equity Index Fund: 538 Absolute Return Bond Fund: 147	Data not available	87
Number of engagements undertaken at a firm level in the year	1,255	711	Data not available	469

[1]At the time of writing, Partners Group were unable to provide this data.

Examples of engagement activity undertaken over the year to 31 December 2022

Baillie Gifford, Multi Asset Growth Fund

Rexford Industrial Realty

Baillie Gifford met with the CFO of Rexford, Laura Clark, to hear her thoughts on the current market environment and what this means for the company's strategy. The main objective of the engagement was to find out more about its decarbonisation plan, physical risk exposure and adaptation planning alongside broader sustainability discussions.

Baillie Gifford discussed the ESG management structure, which Laura leads. 18 months ago, the company created the role of Director of Sustainability, who has a dual reporting line to the CFO and the Head of Construction (reflective of the nature of the role in a property business). Rexford anticipates hiring more dedicated ESG resources as the scope of work expands, and the business grows.

Baillie Gifford addressed its environmental management as a material issue for the real estate sector. Rexford discussed its progress towards setting science-based targets, GHG emissions disclosures and cooperation with its tenant base, which is required to quantify and address scope 3 emissions. Given Rexford's total portfolio exposure to California, the need to further understand physical climate risk exposure and adaptation planning was an important priority for Baillie Gifford. The incorporation of this into Rexford's TCFD reporting provides valuable transparency. Its tenants are not heavy water users, which is scarce in its region of operation. The deployment of 'cool roofs' passively reduces ambient temperatures and the need for air conditioning to offset the impact of increasing temperatures.

This engagement helped Baillie Gifford to communicate and assess priority sustainability topics. The discussion enhanced their knowledge and added context to Rexford's reporting. Baillie Gifford were encouraged to hear spot-check audits have been conducted to help monitor compliance with its supply chain code. As management found areas for improvement following this, Baillie Gifford are keen to continue the conversation to ensure these gaps are fully addressed. Baillie Gifford updated the milestone and priority engagement tracker. In the next meeting, Baillie Gifford will ask about further progress to SBTI target setting (Science Based Target Setting) and improvements to supplier code compliance.

Legal & General Investment Management

Dish Network, Universal Health Services, Caesars Entertainment, Dechra Pharmaceuticals, Vodafone Group, Unite Group

In 2020, LGIM launched a campaign to engage with the largest 100 companies in the UK and the largest 500 companies in the US on ethnic diversity at board level. LGIM's request was that these companies should have ethnically diverse representation at board level by 2021, noting that otherwise they would face voting sanctions. Of the 79 companies with whom LGIM engaged due to them not meeting their expectations, they ultimately only voted against one US company.

However, due to turnover during the year and new board appointments, several new companies have been flagged as having no ethnic diversity. Therefore, LGIM continued their focus and wrote to the remaining laggards in the FTSE 100 and S&P 500 over the final quarter of 2022 to remind them of their expectations and that voting sanctions will apply if diversity is not improved. There are six companies (listed above) within these indices that currently do not have any ethnicity on the board and voting sanctions will be applied at the 2023 annual general meeting if progress is not made.