

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 2023:

- 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

The Trustee's stewardship policy is set out in the Plan's Statement of Investment Principles. To enable the Trustee to make high quality decisions, the fact-finding and analysis is delegated to the Trustee's independent investment advisor. The Trustee has agreed stewardship priorities for the Plan. These principles include researching companies, identifying any issues and then engaging with them as necessary.

Climate change, board ethics and governance and diversity, equality and inclusion are the agreed stewardship priorities for the Plan. The Trustee believes these stewardship priorities could be financially material for the Plan, and are therefore important to consider when making investment decisions. In addition, the Trustee expects their asset managers to be able to evidence their stewardship activity in these areas, by considering the voting and engagement activity. Therefore, the Trustee believes they can meaningfully monitor progress and engage with their asset managers over time.

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 its 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 January 2024 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-2024.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 managers 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 2023.
- 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, the LGIM Over Investment Grade Corporate Bond over 15 Year Index, the LGIM Maturing Buy and Maintain Credit Funds 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, the LGIM Future World Global Equity Index 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.

Please note that the Plan fully disinvested from the Baillie Gifford Multi Asset Growth Fund in December 2023. Since the Plan was invested in this Fund for the majority of the year, voting data has been include in the table below.

Manager	LGIM	LGIM	Partners Group	Baillie Gifford
Fund name	Diversified Fund	Future World Global Equity Index Fund	Generations Fund	Multi Asset Growth 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	9077	5080	67	50
Number of resolutions the manager was eligible to vote on over the year	94,290	52,639	999	528
Percentage of resolutions the manager voted on	99.8%	99.9%	100.0%	92.2%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	76.4%	80.3%	93.0%	97.1%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	23.4%	19.3%	6.0%	2.5%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.3%	0.4%	1.0%	0.4%
Proxy voting advisor employed, as a	ISS	ISS	Partners Group use Glass Lewis and create their own policy.	Baillie Gifford vote in line with their in-house policy and not with

Manager	LGIM	LGIM	Partners Group	Baillie Gifford
percentage of the total number of resolutions voted on				the proxy voting providers' policies.
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	14.6%	11.0%	4.0%	n/a

Source: LGIM, Partners Group and Baillie Gifford.
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. The Trustee has set climate change, board ethics and governance and diversity, equality and inclusion as stewardship priorities. Therefore, the Trustee has selected, where possible, significant votes that are relevant to the Plan's agreed stewardship priorities from the selection of votes provided by the investment managers. The Trustee agrees to vote in line with resolutions that make material differences to companies regarding the stewardship priorities set.

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 represent a selection of significant votes cast on behalf of the Plan that are related to the themes set in the stewardship priorities.

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.

LGIM Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Tencent Holdings Limited	Public Storage
Date of resolution	23 May 2023	17 May 2023	2 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.3%	0.2%
Summary of the resolution	Approve the Shell Energy Transition Progress	Elect Director Jacobus Petrus Bekker	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
How the manager voted	Against	Against	For
Rationale for the voting decision	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p> <p>Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.</p>	<p>Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>
Outcome of the vote	80.0% (Pass)	88.4% (Pass)	34.7% (Fail)
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
Criteria on which the vote is considered "significant"	<p>Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Stewardship priority focus: Climate change</p>	<p>Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.</p> <p>Stewardship priority focus: Board ethics and governance</p>	<p>High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Stewardship priority focus: Climate change</p>

LGIM Future World Global Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Mastercard Incorporated	JPMorgan Chase & Co.
Date of resolution	24 May 2023	27 June 2023	16 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	0.6%	0.9%
Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps	Elect Director Merit E. Janow	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
How the manager voted	For	For	For
Rationale for the voting decision	<p>A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>	<p>Governance concerns: A vote in favour is applied as no significant concerns were highlighted. While LGIM note the dual-class share structure with A and B shares outstanding, the Company has confirmed that the legacy B shares do not confer any rights and therefore do not negatively affect the rights attached to the commonly traded A shares.</p>	<p>LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.</p>
Outcome of the vote	29.0% (Fail)	98.1% (Pass)	34.8% (Fail)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the development of this issue in the market.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	<p>Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for clients, with implications for the assets LGIM manage on their behalf.</p> <p>Stewardship priority focus: Diversity, equality and inclusion</p>	<p>Thematic - Investor Rights and Engagement: This vote is considered significant due to the focus on the thematic area of engagement on investor rights.</p> <p>Stewardship priority focus: Board ethics and governance</p>	<p>Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as they pre-declared LGIM's intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.</p> <p>Stewardship priority focus: Climate change</p>

Partners Group Generations Fund

	Vote 1	Vote 2	Vote 3
Company name	Breitling	Gren	Wedgewood Pharmacy
ESG effort	Each company represents a direct private equity investment in the Partners Group portfolio of companies, where Partners Group invest directly to obtain control and influence over their operations.		
Implications of the outcome	<p>Environmental: Since 2020, Breitling has measured its environmental impact, including greenhouse gas emissions, and developed measures to reduce the negative impact, mainly in its supply chain. Breitling aims to minimize its environmental impact, reducing Scope 1 + 2 emissions by 80% by 2032 and achieving net zero by 2050. The company supported various carbon removal and avoidance activities, partnering with Swiss service providers like Southpole and Myclimate.</p> <p>Social: Breitling assessed equal pay for 1658 employees in 19 countries, considering location, roles & tenure. The company achieved <1% adjusted pay gap in favour of women and earned the "Universal Fair Pay Analyst" award from FPI Fair Pay Innovation Lab.</p> <p>Governance: Breitling conducts a double materiality assessment every three years to consider how the company's actions impact people and planet (inside out) but also how its business is affected by sustainability issues (outside in). Going forward, Breitling relies on the frequent materiality assessment to ensure identification of the right priority topics from a sustainability perspective.</p> <p>Sustainability performance is evaluated quarterly by an ESG Committee using key performance indicators. The committee reports to the Board, overseeing ESG topics. A Global Director of Sustainability and supporting staff implement the sustainability roadmap across the organization.</p>	<p>Gren's Sustainability Strategy appoints ESG Responsibilities at board, executive, and leadership levels within 100 days, covering environmental, social, and governance aspects.</p> <p>Environmentally, Gren aim to reduce their carbon footprint by developing a GHG reduction strategy and collaborating with EY for a GHG accounting system, targeting a 73% GHG emissions reduction by 2030. Their plan includes increasing renewable energy production to over 90% by 2030 and diversifying into wind farms, solar, and green hydrogen. They focus on protecting ecosystems and biodiversity through sustainable sourcing and encouraging customers to transition to renewable energy.</p> <p>Socially, Gren prioritises Health & Safety, striving for zero work-related illnesses, accidents, or fatalities. They aim to maintain high employee engagement by fostering a positive work experience and organizational culture.</p> <p>Governance-wise, Gren's focus includes board, executive, and operational ESG responsibilities, strengthened information security management, updated business resilience and continuity plans, and improved information security maturity levels through annual cybersecurity assessments.</p>	<p>Environmental: Completed initiatives: Wedgewood Pharmacy has completed its Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its Greenhouse Gas Reduction objectives. The company also identified sustainable materials and packaging alternatives, including foam pack inserts, ice bricks, coolers, vials, and autobags or plastic bags, demonstrating their commitment to eco-friendly practices.</p> <p>Social: Regarding Health & Safety, Wedgewood Pharmacy has met its goals for recordable incidents through July and completed over 95% of its Active Shooter training and EHS Leads have been identified at all Blue Rabbit Operations locations. Furthermore, they have participated in community initiatives such as California's 2nd Harvest food bank volunteering.</p> <p>Governance: A draft Corporate Health & Safety Policy awaits review and approval. Cybersecurity has been enhanced with two-step authentication for OneDrive, and users are now required to acknowledge and sign the Acceptable Use Policy.</p> <p>The company is tying together the marketing and R&D teams on a sustainable packaging initiative and is currently growing its ESG Team to develop further project milestones on their ESG Journey (e.g., cybersecurity).</p>

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Prysmian S.P.A.	Consolidated Edison, Inc.	Nextra Energy, Inc.
Date of resolution	19 April 2023	15 May 2023	18 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.4%	0.2%	0.1%
Summary of the resolution	Remuneration	Appoint/ Pay Auditors	Shareholder Resolution - Governance
How the manager voted	Against	Against	For
Rationale for the voting decision	<p>Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business. Baillie Gifford are not convinced that this use of discretion meets that bar.</p>	<p>Baillie Gifford opposed the ratification of the auditor because of the length of tenure. They believe 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.</p>	<p>Baillie Gifford supported a shareholder resolution requesting a board diversity and qualifications matrix because they believe that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.</p>
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	<p>Baillie Gifford will communicate their rationale for voting against the remuneration report. They supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.</p>	<p>Baillie Gifford abstained on the election of the auditor at Consolidated Edison for the last two years due to lengthy tenure (the external auditor has been in place since 1938). 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 have informed the company of their expectation but have not received a response. This year Baillie Gifford decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.</p>	<p>Baillie Gifford will communicate their decision to support the shareholder resolution with the company, and will explain their rationale for doing so. They will monitor for any similar disclosure the company may choose to institute, as although the resolution failed to secure enough support to pass, it did receive support from more than 48% of shareholders.</p>
Criteria on which the vote is considered "significant"	<p>This resolution is significant because it received greater than 20% opposition.</p> <p>Baillie Gifford failed to provide a resolution that suit the stewardship priorities of the Plan.</p>	<p>This resolution is significant because Baillie Gifford opposed the election of auditors.</p> <p>Baillie Gifford failed to provide a resolution that suit the stewardship priorities of the Plan.</p>	<p>This resolution is significant because it was submitted by shareholders and received greater than 20% support.</p> <p>Stewardship priority focus: Board ethics and governance</p>

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.

Please also note that the Plan fully disinvested from the Baillie Gifford Multi Asset Growth Fund and the TwentyFour Absolute Return Credit Fund during the year. Since the Plan was invested in these funds for the majority of the year, the engagement data for these funds is shown below.

Manager	LGIM				
Fund name	Diversified Fund	Future World Global Equity Index Fund	Investment Grade Corporate Bond >15 Index	Maturing B&M Credit Funds*	Absolute Return Bond Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	1,874	886	41	444	143
Number of engagements undertaken at a firm level in the year			2,486		

*We have consolidated the data from the four Buy and Maintain funds for conciseness.

Manager	Baillie Gifford	TwentyFour	Partners Group ¹
Fund name	Multi Asset Growth Fund	Absolute Return Credit Fund	Generations Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	35	78	Data not available
Number of engagements undertaken at a firm level in the year	744	320	Data not available

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

Examples of engagement activity undertaken over the year to 31 December 2023

Legal & General Investment Management

Kansai Electric Power

Kansai Electric Power are one of the largest electric utilities companies in Japan. LGIM identified several governance areas for improvement, noting that the company appears to lag some of their minimum expectations on board composition. This is linked to the stewardship priority regarding board ethics and governance.. LGIM believe that through its improvement, it could have a positive influence more broadly upon this sector in Japan.

Following a bribery scandal in 2020 involving former directors, LGIM noted that the company underwent significant changes to improve governance. LGIM believe these changes have been positive, but still observe some areas where they think improvements could be made, relative to their minimum expectations. Specifically, these include:

- Director independence and the presence of executives on committee which LGIM think should be fully independent (e.g., the Remuneration Committee);
- Cross-shareholdings;
- Limits to tenure of senior advisors to the board.

LGIM noted that they are pleased that the company meets their expectations for gender diversity in Japan (15% female representation on the board), which they also expect to increase over time. Regarding climate change and LGIM's expectations under the Climate Impact Pledge, they noted the company's lack of interim emissions targets and lack of time-bound commitment to exit coal-fired power generation as an area for discussion.

TwentyFour Absolute Return Credit Fund

National Express

National Express is an issuer TwentyFour have been engaging with as part of their Carbon Emissions Engagement Policy since Q3 2021, where they have regular contact with firms that are held across their portfolios to discuss ESG and specifically GHG emissions. This engagement is aligned with the SDG Climate Action Goal

TwentyFour re-engaged as part of their yearly follow-up for an update on National Express's progress in decarbonising their bus fleet and for an update on their STBi (Science Based Targets initiative) progress given their decision to withdraw their application in 2021.

National Express have reversed their decision to pull out of the SBTi and they have now agreed and submitted SBTi target. They have made further progress in shifting from fossil fuel powered vehicles, with diesel vehicles declining 8%, petrol by 10%, while hybrids increased by 17% and electric vehicles rose by 110%. Progress has been meaningful but given they have over 25,000 buses it will take time for their fleet to be fully low emission.

Baillie Gifford Multi Asset Growth Fund

Leadenhall Capital Partners

Baillie Gifford met Leadenhall Capital Partners (LCP) to help them assess their potential new investment in Leadenhall's UCITS Cat Bond Fund. They spoke with both the firm's senior management and those responsible for running the fund in question. The discussion focused on its ESG assessments of counterparties and the exclusions it applies to the fund. Baillie Gifford talked about diversity across the company and learned that the board has recently supported a new equality, diversity and inclusion policy as of November 2022.

This meeting helped Baillie Gifford to evaluate the ESG aspects of their investment and confirmed their understanding of what is significant to cat bonds as an asset class. While not a large part of their investment process, Baillie Gifford were reassured that consideration is given to the topic and that the fund in question is classed as 'Article 8' under The Sustainable Finance Disclosure Regulation.