

# *Implementation Statement, covering the Plan Year from 1 April 2024 to 31 March 2025*

The Trustee of the Cinch Connectors Limited Pension Plan (the “Plan”) 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 Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan 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 review of the SIP was undertaken during the Plan Year. The last time the SIP was formally reviewed was February 2024.

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the Plan Year, by continuing to delegate to its investment manager the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

## **2. Voting and engagement**

The Trustee has delegated to its investment manager the exercise of rights attaching to investments, including voting rights, and engagement.

As part of its advice on the selection and ongoing review of the investment manager, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

LCP did not raise any concerns in relation to the voting and engagement capabilities of the Plan’s investment manager during the Plan Year.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with its investment manager on specific ESG factors. In early 2024, the Trustee agreed stewardship priorities for the Plan which were: carbon emissions and related climate issues; corporate activity to the detriment of biodiversity; labour standards and in particular Diversity, Equity and Inclusion (“DEI”) and modern slavery; and suitable executive remuneration structures, aligning board interests with those of stakeholders.

These priorities were selected because the Trustee believes they are market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. The Trustee communicated these priorities to its manager in early 2024, during the previous Plan Year.

## **3. Description of voting behaviour during the Plan Year**

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment manager 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 Plan Year.

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 Legal and General Investment Management (“LGIM”) Low Carbon Transition Global Equity Index Fund, which is the only fund which holds equities.

In addition to the above, the Trustee contacted LGIM to ask if any of the other assets held by the Plan had voting opportunities over the Plan Year. None of the other funds that the Plan invested in over the Plan 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 manager has in place.

## LGIM

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

LGIM takes into account feedback received at meetings with its clients, including the Trustee, and / or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with the 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 LGIM's 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 Institutional Shareholder Services' 'Proxy Exchange' 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. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. LGIM's 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 LGIM's 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 LGIM considers to be 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 a 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. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with its voting policies. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform the team of rejected votes which require further action.

### 3.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

<b>LGIM Low Carbon Transition Global Equity Index Fund</b>	
Manager name	Legal and General Investment Management
Total size of fund at end of the Plan Year	£5.6bn
Value of Plan assets at end of the Plan Year (£ / % of total Plan assets excluding cash in Trustee bank account)	£3.3m / 12.0%
Number of equity holdings at end of the Plan Year	2,737
Number of meetings eligible to vote over the Plan Year	4,703
Number of resolutions eligible to vote over the Plan Year	47,050
% of resolutions voted	99.75%
Of the resolutions on which voted, % voted with management	79.56%

Of the resolutions on which voted, % voted against management	19.24%
Of the resolutions on which voted, % abstained from voting	1.20%
Of the meetings in which the manager voted, % with at least one vote against management	61.36%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.88%

Note: Figures may not sum due to rounding.

### 3.3 Most significant votes

Commentary on the most significant votes over the Plan Year from LGIM is set out below.

The Trustee has interpreted “most significant votes” to mean votes which the manager deems to be significant based on their internal criteria, and which relates to one of the Trustee’s stewardship priorities.

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

#### LGIM

##### Alphabet Inc. (June 2024)

**Summary of resolution:** Elect Director John L. Hennessy

**Approximate size of the holding at the date of the vote (as % of the entire portfolio):** 1.5

**Why this vote is considered to be the most significant by the manager:** “*Diversity*: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. *One Share One Vote*: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.”

**Why this vote is considered to be the most significant by the Trustee:** The resolution relates to one of the Plan’s stewardship priorities: labour standards and in particular Diversity, Equity and Inclusion (“DEI”) and modern slavery.

**Company management recommendation:** For, **Fund manager vote:** Against

#### Rationale:

“*Average board tenure*: 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. *Diversity*: A vote against is applied as LGIM expects a company to have at least one-third women on the board.

*Independence*: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.

*Shareholder rights*: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.”

**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 our policy not to engage with our 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 its position on this issue and monitor company and market-level progress.

## Tesla Inc. (June 2024)

**Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation

**Approximate size of the holding at the date of the vote (as % of the entire portfolio):** 1.3

**Why this vote is considered to be the most significant by the manager:** "This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay."

**Why this vote is considered to be the most significant by the Trustee:** The resolution relates to one of the Plan's stewardship priorities: suitable executive remuneration structures, aligning board interests with those of stakeholders.

**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. A vote AGAINST this proposal is warranted. While most NEOs 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 our policy not to engage with our 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 its position on this issue and monitor company and market-level progress.

## Broadcom Inc. (April 2024)

**Summary of resolution:** Elect Director Henry Samueli

**Approximate size of the holding at the date of the vote (as % of the entire portfolio):** 0.8

**Why this vote is considered to be the most significant by the manager:** "LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors."

**Why this vote is considered to be the most significant by the Trustee:** The resolution relates to one of the Plan's stewardship priorities: carbon emissions and related climate issues.

**Company management recommendation:** For, **Fund manager vote:** Against

**Rationale:** "A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management."

**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 our policy not to engage with our 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 its position on this issue and monitor company and market-level progress.