

Iggesund (UK) Pension Scheme – Iggesund Section Implementation Statement for the year ended 31 March 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Iggesund (UK) Pension Scheme – Iggesund Section (the “Scheme”) has followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 March 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In 2019, the Trustee received training on Environmental, Social and Governance (“ESG”) issues from its Investment Adviser, XPS Investment (“XPS”) and discussed its beliefs around those issues. This enabled the Trustee to consider how to update its policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustee’s updated policy on ESG and voting issues was documented in the updated Statement of Investment Principles dated March 2023.

Over the accounting period, the Iggesund Section of the Scheme secured a bulk annuity policy (“the Policy”) underwritten by Aviva (“the Insurance Provider”). The remaining surplus assets are managed by Legal & General Investment Management (“the Investment Manager”).

The Trustee’s policy

Regarding the assets invested in the Policy with the Insurance Provider, the Trustee does not expect ESG factors to have a material impact on investment risk and return outcomes over the time horizon of the investment. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s Insurance Provider and therefore acknowledges that it cannot directly influence the policies and practices of the companies in which the Policy is invested.

For the remaining surplus assets held with the Investment Manager, the Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Investment Manager. The Trustee requires the Investment Manager to take ESG and climate change risks into consideration within its decision-making, recognising that how it does this will be dependent on factors including the characteristics of the asset classes in which it invests.

Manager selection exercises

During the reporting year, a selection exercise was undertaken to identify an Insurance Provider to underwrite the pension payroll of the Scheme members, in exchange for a one-off premium. This selection exercise resulted in Aviva being chosen to take on the Scheme’s assets via a bulk annuity policy arrangement.

With the remaining invested assets, one of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS and Legal and General Investment Management (“LGIM”) on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the Investment Manager and the Insurance Provider from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement. XPS engage with the Investment Manager where appropriate on relevant ESG issues. Further, the Trustee has set XPS the objective of ensuring that any selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

During the accounting period, the Trustee updated the Statement of Investment Principles ("SIP"), to reflect the secured Bulk Purchase Annuity buy-in insurance policy underwritten by the Insurance Provider.

Voting activity

The main asset class where investment managers will have voting rights is equities. The Scheme held specific allocations to equities at the beginning of the accounting period, therefore a summary of the voting behaviour and most significant votes cast by each of the relevant Investment Manager organisations is shown below. Based on this summary, the Trustee concludes that the Investment Manager has exercised its delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee's relevant policies in this regard.

Disclaimer: All voting information is provided for the 12-month period to 31st March 2023, as provided by the investment manager. Neither XPS Investment Limited nor the Trustees have vetted these votes.

Voting Information
Legal and General Investment Management
Investment Manager Client Consultation Policy on Voting
<p>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 their clients. Their voting policies are reviewed annually and take into account feedback from their clients.</p> <p>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 they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their 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 their 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.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. They also believe public transparency of their vote activity is critical for clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. They are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

They will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

Does the manager utilise a Proxy Voting System? If so, please detail

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 they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their 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 they receive from ISS for UK companies when making specific voting decisions

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

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

LGIM World Emerging Markets Equity Index Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 36506 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result*
Meituan	Resolution 2 - Elect Wang Xing as Director	Against	91.8%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
China Construction Bank Corporation	Resolution 10 - Elect Graeme Wheeler as Director	Against	95.5%
LGIM will continue to engage with the company and monitor progress.			
Industrial & Commercial Bank of China Limited	Resolution 7 - Elect Chen Siqing as Director	Against	99.0%
LGIM will continue to engage with the company and monitor progress.			
Hon Hai Precision Industry Co., Ltd.	Resolution 8.1 - Elec Liu, Yang Wei, with SHAREHOLDER NO.00085378 as Non-independent Director	Against	N/A
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Pinduoduo Inc.	Resolution 5 - Elect Director George Yong-Boon Yeo	Against	85.3%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
*% of shareholders who supported the resolution			

LGIM World (ex UK) Dev Equity Index Fund
LGIM World (ex UK) Dev Equity Index Fund GBP Hedged

The manager voted on 99.8% of resolutions of which they were eligible out of 29465 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result*
Amazon.com, Inc.	Resolution 1f - Elect Director Daniel P. Huttenlocher	Against	93.3%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Alphabet Inc.	Resolution 7 - Report on Physical Risks of Climate Change	For	17.7%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Meta Platforms, Inc.	Resolution 5 - Require Independent Board Chair	LGIM voted in favour of the shareholder resolution (management recommendation: against).	16.7%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
NVIDIA Corporation	Resolution 1g - Elect Director Harvey C. Jones	Against	83.8%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Berkshire Hathaway Inc.	Resolution 1.9 - Elect Director Susan L. Decker	Withhold	86.6%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
*% of shareholders who supported the resolution			

LGIM UK Equity (5% Capped) Passive Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 10689 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result*
Royal Dutch Shell Plc	Resolution 20 - Approve the Shell Energy Transition Progress Update	Against	79.9%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
BP Plc	Resolution 3 - Approve Net Zero - From Ambition to Action Report	For	88.5%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Rio Tinto Plc	Resolution 17 - Approve Climate Action Plan	Against	84.3%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Glencore Plc	Resolution 13 - Approve Climate Progress Report	Against	76.3%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Anglo American Plc	Resolution 19 - Approve Climate Change Report	Against	94.2%
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
*% of shareholders who supported the resolution			

Signed: _____, Chair of Trustees

Date: _____