

P&B Metal Components Limited Section of the Pensions Master Plan

Implementation Statement

For the year ended 31 March 2024

Introduction

This Implementation Statement (the "Statement") has been prepared by the Section Trustee (the "Trustee") of P&B Metal Components Limited Section of the Pensions Master Plan (the "Section") to demonstrate how the Trustee has acted on certain policies within its Statement of Investment Principles ("SIP").

Each year, the Trustee must produce an Implementation Statement that demonstrates how it has followed certain policies within the Section's SIP over the year. This Statement covers the year from 1 April 2023 to 31 March 2024.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit investments held by the Section.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP Policies

This Statement should be read in conjunction with the Section's SIP covering the year under review, which provides details of the Section's investment policies along with details of its governance structure and objectives.

Over the past year the Scheme has continued to follow the strategy as per the Scheme's SIP, which was reviewed and updated to reflect the changes in the investment strategy in February 2023. As such there has been no changes to the policies listed below over the year, including to ESG.

The Section's SIP includes policies on:

- How "financially material considerations" including environmental, social and governance ("ESG") considerations are taken into account when making investment decisions for the Section.
- The extent to which non-financial matters are taken into account in the investment decision-making process.
- Stewardship and voting policy, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, corporate governance, and governance, social and environmental issues concerning the Trustee's investments)
- A policy on monitoring the Section's asset managers, particularly concerning financial arrangements and ESG factors.
- A policy covering the duration of arrangements with the Section's investment manager.

This Statement reviews the voting and engagement activities covering the 12-month period to 31 March 2024 and the extent to which the Trustee believes the policies within the SIP have been followed.

The Section was invested in pooled funds managed by LGIM and Partners Group (the "Investment Managers") over the year under review to 31 March 2024.

It is therefore the Investment Managers that are responsible for the policies on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.

The Trustee's policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Section's interests in the investments.

The Trustee expects the Investment Managers to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustee's investments. The Trustee believes that such engagement will protect and enhance the long-term value of its investments.

Description of Equity Voting Behaviour

The Section invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Section sit primarily with the Investment Managers, LGIM and Partners Group. The Section's voting behaviour over the Section year is summarised below.

The pooled fund investment held by the Section which carried voting rights during the year were:

- The LGIM Buy and Maintain Credit Fund – data reported for 1 April 2023 – 31 March 2024.
- The LGIM All World Equity Index Fund – GBP Currency Hedged – data reported for 1 April 2023 – 31 March 2024.
- Partners Group – Generation Fund – date reported for 1 January 2023 – 31 December 2023.

LGIM manage over £1.2 trillion in assets, and use their resulting influence as investors, focussing their votes and engagement with organisations on climate change, income equality, diversity, and ESG integration.

The table below shows LGIM's voting summary covering the Section's investment in the Buy and Maintain Credit Fund over the year to 31 March 2024.

LGIM Buy and Maintain Credit Fund	1 April 2023 – 31 March 2024
Number of meetings LGIM was eligible to vote at over the year	2
Number of resolutions LGIM was eligible to vote on over the year	2
Of the eligible resolutions, percentage that LGIM voted on.	100.0%
Of the resolutions voted, percentage that LGIM voted with management.	100.0%
Of the resolutions voted, percentage that LGIM voted against management.	0.0%
Of the resolutions voted, percentage where LGIM abstained .	0.0%
Percentage of eligible meetings where LGIM voted at least once against management.	0.0%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.0%

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM All World Equity Index Fund – GBP Currency Hedged, which the Scheme was invested in throughout the Scheme year.

LGIM All World Equity Index Fund – GBP Currency Hedged	1 April 2023– 31 March 2024
Number of meetings LGIM was eligible to vote at over the year	6,557
Number of resolutions LGIM was eligible to vote on over the year	64,058
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted with management.	79.3%
Of the resolutions voted, percentage that LGIM voted against management.	20.2%
Of the resolutions voted, percentage where LGIM abstained .	0.5%
Percentage of eligible meetings where LGIM voted at least once against management.	63.5%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	11.4%

The table below shows Partners Group's voting summary covering the Section's investment in the Partners Group Generation's Fund, which the Section was invested in from 1 April 2023 to 31 March 2024. Partners Group is developing its reporting but is currently only able to provide voting statistics for 12-month periods to standard half-years, rather than the actual periods invested. Therefore, we have included voting information covering the most relevant 12-month period from 1 January 2023 to 31 December 2023.

Partners Group – Generation Fund	1 January 2023 – 31 December 2023
Number of meetings Partners Group was eligible to vote at over the year to 31/12/2021	67
Number of resolutions Partners Group was eligible to vote on over the year to 31/12/2021	999
Of the eligible resolutions, percentage that Partners Group voted on.	100.0%
Of the resolutions voted, percentage that Partners Group voted with management.	93.0%
Of the resolutions voted, percentage that Partners Group voted against management.	6.0%
Of the resolutions voted, percentage where Partners Group abstained .	1.0%
Percentage of voted resolutions where Partners Group voted contrary to the recommendation of their proxy adviser.	4.0%

Regarding the Section's LDI investments managed by LGIM, these funds did not invest in any investments that carried voting rights.

Proxy Voting

The Trustee did not employ a proxy-voting service during the Section year to 31 March 2024.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Services ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

Partners Group also votes by proxy through Glass Lewis, a proxy advising firm who undertake research on each ballot item and recommends votes in line with best practice, including local market standards. Glass Lewis have been instructed to vote in-line with Partners Group's bespoke Proxy Voting Directive, which contains specific ESG and Sustainability corporate governance considerations that arise frequently. In circumstances where Glass Lewis' recommendation is different to that from the Proxy Voting Directive and the company's management, Partners Group will vote manually on the proposal.

How Voting and Engagement Policies Have Been Followed

The Trustee intends to review a summary of the voting and engagement activity taken on its behalf on a regular basis. The information published by LGIM and Partners Group on their voting policies has provided the Trustee with comfort that the Section's voting and engagement policies have been followed during the year to 31 March 2024.

As set out in the SIP, the Trustee expects the Investment Managers to engage with investee companies on aspects such as performance, strategy, risks, corporate governance, management of actual or potential conflicts of interest, capital structure, and social and environmental issues concerning the Trustee's investments.

Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustee?	Comments
Performance of debt or equity issuer	✓	Partners Group and LGIM's voting, and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	Partners Group and LGIM believe that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that is invested in or held as a counterparty. Partners Group and LGIM have clear voting policies covering each of these topics and have acted on them throughout the Section year on behalf of the Trustee. In 2023, LGIM further enhanced its global policy expectations that at least one-third of the directors on non-controlled company boards are women. Additionally in 2023, LGIM expanded its expectations to cover smaller companies, voting against boards where female directors do not make up at least 25% of the total. LGIM have also extended these diversity policies in the US and UK to include ethnic representation on the board. LGIM ask that the largest companies in these two markets have at least one member from an ethnic minority background, and LGIM will apply voting sanctions to those that do not meet this requirement. This year, LGIM voted against the election of male chairmen due to a lack of gender diversity at a number of companies, including NVIDIA Corporation, Thermo Fisher Scientific Inc. and Philip Morris International Inc.. LGIM expects companies to have at least 1/3 of their board to be women.

Risks	✓	LGIM and Partners Group have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. LGIM voted in favour of (and against management recommendation) a resolution from The Coca-Cola Company to report on congruency of political spending with company values and priorities. LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review process of these activities. Whilst LGIM believes the company provides a sufficient level of transparency on these matters, a vote in favour was applied due to potential reputational risks that could arise if the company was to fund organisations that are misaligned to the publicly stated company values. To ensure that employees at Partners Group are acting within the regulatory and legal environment that is associated with their investments, Partners Group have clear policies on business ethics, whistleblowing, anti-bribery, anti-money laundering and prevention of market abuse which all employers comply with. In scenarios where risks and concerns are raised, Partners Group also have processes in place to ensure that that these can be resolved in an appropriate manner.
Social and Environmental impact	✓	LGIM voted against Industrial & Commercial Bank of China Limited on the appointment of Ms Cao Liqun as Director based on the company falling behind LGIM's minimum climate risk management standards. LGIM recognised the improvements the company had made to its ESG governance structures and disclosure efforts, however as Ms Cao Liqun was a member of both the Corporate Social Responsibility and Consumer Protection Committee, LGIM considers her ultimately accountable for lacking in climate expectations. As a direct lead investor, Partners Group can exert their control at a board level to integrate a range of ESG policies and initiatives. For instance, Partners Group control the board of Techem and this year the company highlighted many ESG achievements in their sustainability report, which included a clear focus on achieving climate neutrality by 2045 and to implement greener products such as 5,000 charging points under Techem service supplied with green electricity.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). LGIM has had concerns with Applied Materials, Inc. remuneration practices for several years. This year LGIM voted against the re-election of a director as a way of escalating their concerns with the remuneration policy. Partners Group also has policies relating to conflicts of interest, namely within its whistleblowing and prevention of market abuse policies that apply to all employees, which extend to the underlying investments of the Generations Fund.
Corporate Governance	✓	The Trustee believes that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustee also believes that the appropriate governance structures need to be in place. These include the separation of duties between the board and the CEO.

		LGIM's policy from 2021 is to vote against all elections which combine the roles of CEO and Chair. LGIM continued to vote against electing directors of Accenture Plc, Pfizer Inc., and The Home Depot, Inc. alongside several others, in line with this policy. To ensure that each board is operating at an appropriate level, a 'board maturity' assessment is used to assess effectiveness, covering areas such as performance and company strategy. Additionally, Partners Group aims to appoint a board member or executive at the leadership level to become responsible for developing a meaningful ESG journey plan within 100 days of investment.
Capital Structure	✓	LGIM and Partners Group have policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, LGIM and Partners Group have policies that newly issued shares should not expose minority shareholders to excessive dilution. LGIM also has policies that protect minority shareholder rights including "one share, one vote" to avoid the weakening of corporate governance as investors ability to influence and hold directors accountable would be reduced. As such LGIM chose to vote against CNH Industrial Inc for their proposal to grant board authority to issue special voting shares up to 10% of issued capital.

Significant Votes

Fund name	Examples of most significant votes	Commentary
LGIM All World Equity Index Fund – GBP Currency Hedged	In December 2023, LGIM voted against the election of a Director at Microsoft Corporation. This company represents 5.5% of the LGIM Fund.	LGIM voted against the election of Director Satya Nadella as LGIM expects companies to separate the roles of CEO and Chair due to risk management and oversight. LGIM considers this vote significant as it is an example of the escalation on the topic of combined CEO and Chair.
LGIM All World Equity Index Fund – GBP Currency Hedged	In February 2024, LGIM voted against Apple Inc. on its proposal to report on risks of 'Omitting Viewpoint and Ideological Diversity from EEO Policy'. This company makes up 3.7% of the LGIM Fund.	LGIM voted against providing additional diversity and inclusion reporting as they believe Apple Inc is providing sufficient data already. LGIM does not believe including viewpoint and ideology in EEO policies in standard industry practice. This vote is deemed to be significant by LGIM as it is based on diversity – a theme that GIM deems to be financially material for its clients.

As at 31 March 2024, Partners Group noted multiple significant votes due to the size of their holding, however, also confirmed voting was not applicable due to the nature of the private markets space.

However, Partners Group were able to provide multiple examples of significant votes over the period of 1 January to 31 December 2023. Partners Group also noted that due to their control of the Board it was able to implement a range of ESG policies and initiatives.

Engagement with Investee Companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Section’s fixed income investments within LGIM Buy and Maintain Credit Fund or Partners Group Generations Fund as these investments do not always carry voting rights.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM’s position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM have on each company’s practices.

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 clients. LGIM’s voting policies are reviewed annually and take into account client feedback.

Over the 12 months to 31 March 2024, LGIM undertook 2144 engagements with 2006 companies. Some engagements cover multiple topics and LGIM have provided the following summary:

- 1820 on environmental topics.
- 274 on social topics.
- 528 on governance issues; and
- 119 on other topics including finance and strategy.

The top five engagement topics included climate change, remuneration, board composition, energy and climate impact pledges.

Over the year, LGIM began to release fund specific engagement statistics, with the following table summarising the engagements undertaken on a fund-by-fund basis. The All-World Global Equity Fund – GBP statistics and the Buy and Maintain Credit Fund statistics below relate to the year to 31 December 2023, as LGIM are yet to publish updated reports.

	Total Engagements	No. Unique Companies Engaged	Environmental Topics	Social Topics	Governance Topics	Other Topics
Buy and Maintain Credit Fund	177	83	54	41	68	14
All World Global Equity Fund – GBP Hedged	816	544	485	108	185	38

The Trustee will monitor LGIM’s reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

Partners Group were unable to provide engagement activity statistics at the Partners Group Generations Fund level. As an example of engagement carried out by the Investment Manager, Breitling partnered with Swiss service providers like Southpole and Myclimate to support various carbon removal and avoidance activities. Furthermore, Techem expanded their 2023 Sustainability Report to cover the entire Techem Group. The report highlights key ESG achievements, with a clear focus on achieving climate neutrality by 2045 and the Diversity & Inclusion roadmap.

Partners Group also carried out a review of its 15 suppliers to Vishal Mega Mart with respect to child labour with no adverse findings made.

The remainder of the Section’s assets are invested in leveraged nominal and index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Section’s liabilities and a

cash fund for liquidity purposes. LGIM have governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

Extent to which Trustee Policies Have Been Followed

Having reviewed the actions taken by the Investment Managers over the year, the Trustee believes that its policies on stewardship and engagement have been implemented appropriately over the year and in line with its views as stated in the Section's SIP. The Trustee will continue to monitor the actions taken on its behalf each year and press for improved engagement information and ESG reporting metrics from the Investment Managers at a fund specific level.

If the Investment Managers deviate substantially from the Trustee's stated policies, the Trustee will initially engage and discuss this with Investment Manager, and if the Trustee still believes the difference between its policies and Investment Manager's actions are material, the Trustee will consider terminating and replacing the mandate if necessary.

July 2024

For and behalf of the Trustee of the P&B Metal Component Section of the Pensions Master Plan.



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.