

IMPLEMENTATION STATEMENT

Gleason Cutting Tools Ltd Superannuation and Life Assurance Scheme Implementation Statement for the year ended 31 December 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Gleason Cutting Tools Ltd Superannuation and Life Assurance Scheme (“the Scheme”) have followed the policies documented in their Statement of Investment Principles (“SIP”) during the year ended 31 December 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

The Trustee’s policy in relation to ESG and voting issues is documented in the Scheme’s SIP dated September 2023. During the reporting year, the Scheme’s SIP was reviewed and amended in September 2023 reflect the revised investment strategy.

The Trustees’ ESG and voting policy

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 Scheme’s investment managers. The Trustee requires the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest. In pooled funds the Trustee has limited influence over the managers’ investment practices, particularly in relation to those pooled funds which are designed to track an index where the choice of the index dictates the assets held by the manager.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments. Furthermore, the Trustee reverts to the investment manager’s approach when determining vote significance unless stated otherwise.

The Trustees will seek advice from the Investment Adviser on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Investment related activity

Manager selections

One of the main ways in which the ESG policy is expressed is via manager selection: the Trustees seek advice from Atkin Pensions 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.

During the reporting year, there have been no such manager selection exercises.

CMA Objectives

Objectives were put in place for Atkin Pensions, in line with the 10 June 2019 CMA Order which required trustees to set objectives for existing and new investment consultant appointments from 10 December 2019, in order to receive investment advice after that date. These have been reviewed in line with updated guidance.

Ongoing governance

The Trustees generally meet on a quarterly basis and receive quarterly monitoring reports to assess the ongoing performance of the funds. With the assistance from Atkin Pensions, the Trustees monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. The Trustees also receive monthly valuations and quarterly investment performance from their platform provider, Mobius Life.

Adherence to the SIP

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

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme is directly invested in equities through the LGIM World Equity Index Fund. Therefore, a summary of the voting behaviour and most significant votes cast is shown below.

Legal and General Investment Management

Investment Manager Client Consultation Policy on voting

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.

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 LGIM 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.

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 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.

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 their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and / or summaries of their 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 (PLSA) guidance. 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.

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

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on their website at:

<https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Does the manager utilise a Proxy Voting System?

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, LGIM 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.

LGIM 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. LGIM 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.

Voting information			
LGIM DB World Equity Index Fund			
The manager voted on 99.9% of resolutions of which they were eligible out of 37,810 eligible votes			
Top 5 Significant Votes during the period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Microsoft Corporation	Resolution 1.06 – Elect Director Satya Nadella	Against the resolution	N/A
LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.			
Amazon.com, Inc.		For the resolution	

	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps		29% of shareholders supported the resolution
<p>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 we 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>			
NVIDIA Corporation	Resolution 1a - Elect Director Stephen C. Neal	Against the resolution	30.7% of shareholders supported the resolution
<p>LGIM expects a company to have at least one-third women on the board. LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>			
Alphabet Inc.	Resolution 18 – Approve Recapitalization Plan for all Stock to Have One-vote per share.	For the resolution	30.7% of shareholders supported the resolution
<p>LGIM expects companies to apply a one-share-one-vote standard.</p>			
Meta Platforms, Inc.	Resolution 1.9 – Elect Director Mark Zuckerberg	Withhold the resolution	10.9% of shareholders supported the resolution
<p>LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. 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.</p>			