

SG Magnets Limited Retirement Benefits Scheme – Implementation Statement for the year ended 31 March 2025

1. Purpose

This Implementation Statement has been prepared by the Trustees of the SG Magnets Limited Retirement Benefits Scheme (the “Scheme”). It reports on how, and the extent to which, the policies as set out in the Scheme’s Statement of Investment Principles (“SIP”) have been complied with during the year ended 31 March 2025. In preparing this statement, voting and stewardship policies, conflicts of interest and engagement have been reviewed. This review has been conducted by the Scheme’s investment adviser and the Trustees have reviewed and approved the conclusions within this statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme’s investments. The statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

This Statement has been prepared by the Trustees, with the assistance of its Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Scheme year end.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees, or the Investment Adviser on the Trustees’ behalf.

3. Executive summary

Over the Scheme year:

- The Trustees’ Investment Adviser reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are satisfied with their Investment Adviser’s conclusion that the Scheme’s investment managers have appropriately carried out their stewardship duties.
- The Trustees are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP. The SIP was updated and finalised at the start of the Scheme year.
- The Trustees have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

Funds that do not hold equities do not have voting rights. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they actively engage with their investments.

4. Investment Manager's voting and stewardship policies and activity

Trustees' voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when:

(i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustees are unable to direct how votes are exercised and have not used proxy voting services over the year. The Trustees have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees, with the assistance of their Investment Adviser, have reviewed the voting activities and stewardship policies of the funds.

The Trustees do not currently have any stewardship priorities in place. The Trustees will instead monitor the investment managers' stewardship policies and assess whether they have appropriately carried out their duties. Should the voting activities and stewardship policies of an invested fund not be deemed appropriate, the Trustees will escalate these concerns with the relevant investment manager and if necessary review the Scheme's position within the fund.

Over the Scheme year, the voting activities of the following funds have been reviewed by Quantum Advisory on behalf of the Trustees:

- LGAM World Equity Index Fund
- LGAM World Equity Index Fund – GBP Currency Hedged

The Trustees have reported on the funds that were held at the year-end date.

Furthermore, the general stewardship policies of the above funds and the funds listed below have also been reviewed by Quantum Advisory on behalf of the Trustees:

- Insight Maturing Buy and Maintain 2021-2025
- Insight Maturing Buy and Maintain 2026-2030
- LGAM Buy and Maintain Credit
- LGAM AAA-AA-A Corporate Bond – Over 15 Year Index
- LGAM Over 5 Year Index-Linked Gilts Index
- LGAM 5-15 Year Index Linked Gilt
- LGAM 2049 Gilt
- LGAM 2060 Gilt

- LGAM 2068 Gilt
- LGAM Cash

Manager’s voting and stewardship policies and procedures

Details of the managers voting and stewardship policies can be found in Appendix 1. In this Statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustees have approved of these conclusions.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year.

Statistic	LGAM World Equity Index Fund and LGAM World Equity Index Fund – GBP Hedged
Number of equity holdings	2,798
Meetings eligible to vote at	2,928
Resolutions eligible to vote on	35,761
Proportion of eligible resolutions voted on (%)	99.7
Votes with management (%)	79.1
Votes against management (%)	20.6
Votes abstained from (%)	0.3
Meetings where at least one vote was against management (%)	74.2
Votes contrary to the recommendation of the proxy adviser (%)	14.6

Source: LGAM. Note: Totals may not sum due to rounding.

Significant votes over the reporting year

Quantum Advisory have reviewed the most significant votes cast by the investment managers on behalf of the Trustees and, as a whole, are satisfied that these are generally as expected.

The Trustees have interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by each of the investment managers in accordance with the PLSA guidance.

The significant votes provided by investment managers are determined by the stewardship policies they have in place. As the Scheme has not set any stewardship priorities at the end of the Scheme year, significant votes will be classified according to these manager policies. However, the Trustees have reviewed and are satisfied with the managers' classifications of significant votes during the Scheme year.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed. These conflicts are not specific to the scheme and relate to the general conflicts of interest within the investment managers.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

LGAM

LGAM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. This refusal for a direct comment on the selected funds was raised by the Trustee. In place of providing a direct response, LGAM referred the Trustee to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here: https://am-cms.landg.com/globalassets/lgim/_document-library/responsible-investing/stewardship-conflicts-of-interest.pdf

The Trustee has received a copy of the conflicts of interest policy.

Appendix 1 – Investment manager stewardship policies and procedures

LGAM

LGAM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported. Although LGAM tend to focus on equity stewardship, LGAM also extends its ESG analysis and engagement policies to its active fixed income investments. LGAM aims to incorporate ESG considerations to assess ESG risks from a financial perspective and LGAM also engages with issuer companies through its global engagement groups. Please note, however, this approach does not extend to the Scheme's UK Government Bond holdings as these are invested passively. Quantum believes this is reasonable given their underlying investments. For Equity holdings, LGAM's Investment Stewardship team make all voting decisions, in accordance with LGAM's 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.

LGAM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGAM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGAM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGAM's position on ESG, LGAM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGAM consider are minimum best practice standards which LGAM believe all companies globally should observe, irrespective of local regulation or practice. LGAM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGAM to apply a qualitative overlay to their voting judgement. LGAM 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.

Appendix 2 – Most significant votes cast

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme’s investment managers has been reviewed by the Trustees through their investment adviser.

Significant vote definitions

LGAM

In determining significant votes, LGAM’s Investment Stewardship team considers the criteria provided by the 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 LGAM’s annual Stakeholder roundtable event, or where we 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 LGAM engagement campaign, in line with LGAM Investment Stewardship’s 5-year ESG priority engagement themes of: people, nature, health, technology, governance and climate change.

Significant votes

LGAM World Equity Index (GBP Hedged and Unhedged)

Company Name	Microsoft Corporation	Alphabet Inc.	Eli Lilly and Company	Shell Plc
Date of Vote	December 2024	June 2024	May 2024	May 2024
Summary of the resolution	Report on AI Data Sourcing Accountability	Elect Director John L. Hennessy	Elect Director Jamere Jackson	Approve the Shell Energy Transition Strategy
Size of the holding (% of portfolio)	4.0	1.4	0.9	0.3
How the firm voted	Against management	Against management	Against management	Against management
Was the vote against management and was this communicated beforehand?	Yes, votes are not communicated to management beforehand.	Yes, votes are not communicated to management beforehand.	Yes, votes are not communicated to management beforehand.	Yes, votes are not communicated to management beforehand.
On which criteria has the vote been deemed as 'significant'?	LGAM considered this vote significant due to the relatively high level of support received.	LGAM views gender diversity as a financially material issue.	LGAM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	LGAM is supportive of "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 nature of such votes, LGAM deem them to be significant, particularly when LGAM vote against the transition plan.

Outcome of the vote	The vote did not pass.	Vote passed.	Vote passed.	Vote passed.
Does the Trustee/ asset manager intend to escalate stewardship efforts?	LGAM will continue to engage proactively with invested companies and advocate their position on this issue and monitor company and market-level progress.	LGAM will continue to engage proactively with invested companies in relation to ESG factors, promoting positive changes within investee companies.	LGAM will continue to engage proactively with invested companies in relation to ESG factors, promoting positive changes within investee companies.	LGAM will continue to engage proactively with invested companies in relation to ESG factors, promoting positive changes within investee companies.

Source: LGAM.