

# Implementation Statement



**STONEPORT**  
PENSIONS

## Implementation Statement

### The Stoneport Pension Scheme

This is the Implementation Statement prepared by the Trustees of Stoneport Pension Scheme ("the Scheme") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 December 2024.
- The voting and engagement behaviour of the Trustees, or that undertaken on their behalf, over the year.

#### Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 December 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2024 and has been made available online here:

<https://www.stoneport.co.uk/wp-content/uploads/2024/11/Stoneport-Statement-of-Investment-Principles.pdf>

There were no changes made to the stewardship policy over the year.

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and the undertaking of engagement activities to the Scheme's investment managers.

At this time, the Trustees have not set stewardship priorities or themes for the Scheme but will be considering the extent that they wish to do so in due course, in line with other Scheme risks.

#### How voting and engagement policies have been followed

##### Voting and engagement policies

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights, on the basis that such engagement can be expected to help Investment Managers mitigate risk and improve long term returns.

Where the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. Where the Scheme invests in segregated mandates the Trustees will have greater influence on the policies and practices of the companies in which the Investment Managers invest. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectations, then the Trustees may consider terminating the relationship with that Investment Manager.

## Implementation Statement (Cont)

### Policy implementation

The Scheme's assets currently consist of an Investment Fund, invested in growth assets, and a Matching Fund invested in protection assets. The Investment Fund is invested in two underlying funds managed by Legal and General Investment Management ("LGIM") and is administered by Mobius Life via their platform. The Matching Fund is invested in underlying funds managed by LGIM and administered by Mobius Life via their platform.

When appointing LGIM to manage the Scheme's Investment Fund, the Trustees' investment consultant provided a fund manager recommendation paper which covered ESG and stewardship matters. Based on this report, the Trustees were comfortable that LGIM's overall approach to these matters was reasonable in the context of their own policies.

The Matching Fund with Mobius is invested in a mix of LDI, cash and buy and maintain credit funds. There are no voting rights attached to these investments and the scope for engagement is extremely limited given the nature of these asset classes.

The Trustees have reviewed the stewardship and engagement activities of their managers through the preparation of this Implementation Statement. They are satisfied that their stewardship policy has been followed and that no further action is required as a result.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are broadly in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Stoneport Pension Scheme  
April 2025**

## Implementation Statement (Cont)

### Voting Data

Voting only applies to equities held in the portfolio. During the year, the Scheme held equity investments through an underlying pooled fund with Baillie Gifford until October 2024 and through two pooled equity funds held with LGIM thereafter. As such, Baillie Gifford and LGIM voted on behalf of the Trustees over the Scheme year.

Manager	Baillie Gifford	Legal and General Investment Management
<b>Fund name</b>	Diversified Growth Fund	ESG Paris Aligned World Equity Index Fund (GBP hedged and unhedged)
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>Number of company meetings the manager was eligible to vote at over the year</b>	65	1,170
<b>Number of resolutions the manager was eligible to vote on over the year</b>	766	16,867
<b>Percentage of resolutions the manager voted on for which they were eligible</b>	98.0%	99.4%
<b>Percentage of resolutions the manager abstained from</b>	0.9%	0.5%
<b>Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on</b>	96.0%	78.0%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	3.1%	21.5%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	n/a	15.8%

## Implementation Statement (Cont)

The use of proxy voting is summarised below:

- Baillie Gifford – Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource stewardship activities or follow or rely upon their recommendations when deciding how to vote. All client voting decisions are made in-house. Baillie Gifford votes in line with their in-house policy and not with the proxy voting providers' policies.
- LGIM - 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. 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.

### Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. Recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities or themes. At this time, the Trustees have not set stewardship priorities or themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. As a result, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, including in relation to what they considered to be significant votes prior to these votes taking place. This is because the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities or themes.

Baillie Gifford have provided a selection of 10 votes which they believe to be significant and LGIM have provided a selection over 300 votes. In the absence of agreed stewardship priorities or themes, the Trustees have selected 3 votes from each manager that cover a range of themes to represent what they consider the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

#### Baillie Gifford Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	JLEN Environmental Assets Group Limited	NextEra Energy Inc	NextEra Energy Inc
<b>Date of vote</b>	13/09/2024	23/05/2024	23/05/2024
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.21%	0.98%	0.98%
<b>Summary of the resolution</b>	Other	Shareholder Resolution – Climate	Appoint/Pay Auditors
<b>How the manager voted</b>	Against	For	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Baillie Gifford opposed a resolution to discontinue the company as they believe value	Baillie Gifford supported the resolution on climate lobbying as they believe that clear support for	Baillie Gifford opposed the ratification of the auditor due to the length of the tenure. They

## Implementation Statement (Cont)

	is most likely to be generated by the company's continuation	Paris-aligned goals through lobbying is one method for shareholders to demonstrate consistency with their climate targets	believe that it is best practice for the auditor to be rotated regularly to ensure independent oversight of the company and its internal financial controls
<b>Outcome of the vote</b>	Fail	Fail	Pass
<b>Implications of the outcome</b>	The resolution received nearly 93% opposition. This is in line with the board's recommendation	Baillie Gifford reached out to the company to explain they welcomed the real zero target set and explained how they thought lobbying reporting could be further improved with identification of misalignment between the company's lobbying activities and its Net Zero goal	Baillie Gifford explained their dissent to the company and encouraged retendering the audit contract
<b>Criteria on which the vote is considered "significant"</b>	The resolution is considered significant because it received greater than 20% opposition	The resolution is considered significant because it received greater than 20% opposition	This resolution is considered significant because Baillie Gifford opposed the election of auditors

### LGIM ESG Paris Aligned World Equity Index Fund (GBP hedged and unhedged)

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Microsoft Corporation	Apple Inc	Meta Platforms Inc
<b>Date of vote</b>	10/12/2024	28/02/2024	29/05/2024
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	6.9%	6.3%	1.8%
<b>Summary of the resolution</b>	Report on AI Data Sourcing Accountability	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Elect Director Peggy Alford
<b>How the manager voted</b>	For	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	LGIM believe that a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models	LGIM believe that a vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts, non-discrimination policies, and including viewpoints and ideology in EEO policies does not appear to be a standard industry practice.	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Lead Independent Director: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO.
<b>Outcome of the vote</b>	Fail	Fail	Data not provided

## Implementation Statement (Cont)

<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	
<b>Criteria on which the vote is considered "significant"</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf.

## Fund level engagement

The table below provides a summary of available engagement information for Baillie Gifford and LGIM. The scope for engagement within the Matching Fund (invested in a mix of LDI, cash and buy and maintain credit funds) is limited given the nature of the asset classes and so engagement data for the LDI and cash holdings has not been provided.

<b>Manager (fund names)</b>	<b>Baillie Gifford</b> Diversified Growth Fund	<b>Legal &amp; General</b> ESG Paris Aligned World Equity Fund (GBP hedged and unhedged)	<b>Legal &amp; General</b> Future World Net Zero Buy and Maintain Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	12	857	280
<b>Number of engagements undertaken at a firm level in the year</b>	948		4,060

## Implementation Statement (Cont)

### Examples of engagement undertaken

The table below provides an example of engagement activity undertaken by Baillie Gifford and LGIM during the year.

Fund	Engagement example
Baillie Gifford Diversified Growth Fund	<p>Baillie Gifford engaged with MP Materials Corp to assess the company's alignment with Baillie Gifford's firmwide climate-related expectations, particularly regarding scope 3 emissions disclosure and progress towards setting decarbonisation targets.</p> <p>Baillie Gifford set clear expectations for high-impact companies such as MP Materials, emphasising the need to comprehensively disclose scope 1, 2, and scope 3 emissions by the end of 2023 reporting. By 2025, these companies are expected to present strategies in line with the Paris Agreement, covering emissions across all scopes and setting mid-term milestones. The dialogue revolved around MP Materials' current practices and plans in these areas. Key points included the company's assessment of material scope 3 emissions, barriers to disclosure and considerations for setting emission reduction targets. Baillie Gifford also touched upon the importance of biodiversity and the company's efforts towards understanding and mitigating nature-related impacts.</p> <p>This engagement helped inform Baillie Gifford's view against their firmwide climate-related expectations. It highlighted the company's commitment to reducing greenhouse gas emissions per unit of rare earth oxide produced. Further, its strategic approach towards vertical integration will enable the company to gain more direct control over emissions. Progress in mitigating climate risks as the company's activities are fully established is something Baillie Gifford will continue to monitor for this holding.</p>
LGIM ESG Paris Aligned World Equity Index Fund (GBP hedged and unhedged);	<p>LGIM engaged with Nippon Steel, the largest steel maker in Japan, regarding their disclosures of climate-related and decarbonisation-related policy positions.</p> <p>Given the highly carbon intensive nature of the steelmaking industry, Nippon Steel's role as one of the largest global steelmakers and the significant role Nippon Steel has in influencing Japanese policy, LGIM have engaged repeatedly with Nippon Steel to encourage further climate policy disclosures. Despite previous engagements, LGIM remained unsatisfied with the disclosures provided so far and as such filed a shareholder resolution that would require Nippon Steel to "Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally".</p>
LGIM Future World Net Zero Buy and Maintain Fund	<p>Although the shareholder resolution did not pass, it achieved nearly 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan, demonstrating to the company that investors expect greater transparency on climate-related engagement activity.</p>