

Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024

The Trustees of the Sharp Electronics (UK) Ltd Pension Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustees have had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in February 2024 to reflect the selection of stewardship priorities and the setting of a Net Zero ambition for the Scheme’s assets. Further details and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. LGIM’s policy is available at the following link:

- [Investment stewardship & governance | LGIM Institutional](#)

However, the Trustees take ownership of the Scheme’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

In the previous Scheme year, the Trustees discussed and agreed stewardship priorities for the Scheme which were:

- Climate Change
- Corporate Transparency
- Business Ethics

These priorities were selected because they are key market-wide risks and areas where the Trustees believe that good stewardship and engagement can improve long-term financial outcomes for the Scheme’s members. The Trustees communicated these priorities to their managers in April 2023.

The Trustees continue to review their managers voting and engagement policies and actions to ensure they align with the Trustees’ own priorities. The Trustees reviewed these policies in November 2023, focusing on the elements which relate to their stewardship priorities, and are comfortable that the policies are aligned with the Trustees’ views.

The Trustees reviewed case studies of the managers’ votes and engagements which relate to the Trustees’ stewardship priorities in November 2023. This helped the Trustees to better understand their managers’ different approaches to voting and engagement and form a view on their appropriateness for the Scheme.

The Trustees have set a Net Zero Ambition to help mitigate climate risk. It aims to align the Scheme’s assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net

zero targets. All of the Scheme's investment managers are now signatories to the Net Zero Asset Managers initiative (NZAMI).

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

As stated in the SIP, the Trustees seek to appoint managers that have strong stewardship policies and processes.

Additionally, the Trustees receive quarterly updates on ESG and Stewardship from its investment adviser.

3. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities were within pooled funds (noting that these holdings were sold during the year) and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and challenge managers where their activity has not been in line with the Trustees' expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- LGIM Low Carbon Transition Regional Funds

In addition to the above, the Trustees contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with relevant voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which their managers have in place.

Legal & General Investment Management

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 its voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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, with the aim of ensuring that its 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.

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 LGIM do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its 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 LGIM receives from ISS for UK companies when making specific voting decisions.

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

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

3.2 Summary of voting behaviour

A summary of voting behaviour for the LGIM Low Carbon Transition Regional Funds over the Scheme Year is provided in the table below.

	LGIM Low Carbon Transition UK Equity Index Fund	LGIM Low Carbon Transition Europe (ex UK) Equity Index Fund – GBP Currency Hedged	LGIM Low Carbon Transition North America Equity Index Fund – GBP Currency Hedged	LGIM Low Carbon Transition Japan Equity Index Fund – GBP Currency hedged	LGIM Low Carbon Transition Asia Pacific (ex Japan) Developed Equity Index Fund – GBP Currency Hedged	LGIM Low Carbon Transition Emerging Markets Equity Index Fund
Total size of fund at end of the Scheme Year (£m)	554.8	71.9	72.0	32.2	38.5	351.6
Value of Scheme assets at end of the Scheme Year (£m)	0.0	0.0	0.0	0.0	0.0	0.0
Number of equity holdings at end of the Scheme Year	79	360	525	311	141	1,422
Number of meetings eligible to vote	96	479	555	314	163	3,092
Number of resolutions eligible to vote	1,978	7,818	7,703	3,822	1,186	24,129
% of resolutions voted	100.00	99.67	99.82	100.00	100.00	100.00
Of the resolutions on which voted, % voted with management	95.85	81.21	65.21	89.17	74.79	79.78
Of the resolutions on which voted, % voted against management	4.15	18.33	34.78	10.83	25.21	19.79
Of the resolutions on which voted, % abstained from voting	0.00	0.46	0.01	0.00	0.00	0.44
Of the meetings in which the manager voted, % with at least one vote against management	41.67	79.92	98.92	68.47	73.62	57.02
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	3.39	10.88	28.90	9.05	15.77	7.99

The Trustees fully redeemed their holding in the LGIM Low Carbon Transition Regional Funds in January 2024. LGIM are unable to provide part period voting data, so the table above comprises data for the whole Scheme year.

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

The Trustees have interpreted “significant votes” to mean those that:

- align with the Trustees’ stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- the subject of the resolution aligned with the investment manager’s engagement priorities or key themes; and
- the Scheme or the sponsoring company may have a particular interest in.

The Trustees have reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

Legal & General Investment Management

Low Carbon Transition UK Equity Index Fund

Shell Plc., 23 May 2023

- **Relevant stewardship priority:** Climate change.
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed.
- **Management recommendation:** For resolution.
- **Summary of resolution:** Approve the Shell energy transition progress.
- **Rationale for the voting decision:** LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company’s leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C° trajectory.
- **Approximate size of the Scheme’s holding at the date of the vote:** 4.7% of the fund.
- **The reason the Trustees considered this vote to be “most significant”:** Linked to climate change stewardship priority, represents a substantial holding within the fund and is a high-profile company.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Low Carbon Transition Europe (ex-UK) Equity Index Fund – GBP Currency Hedged

Schneider Electric SE, 4 May 2023

- **Relevant stewardship priority:** Climate change.
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed.
- **Management recommendation:** For resolution.
- **Summary of resolution:** Approve the company’s Climate Transition Plan.
- **Rationale for the voting decision:** LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure

of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

- **Approximate size of the Scheme's holding at the date of the vote:** 1.4%
- **The reason the Trustees considered this vote to be "most significant":** Linked to climate change stewardship priority and the company represents a substantial holding within the fund.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Low Carbon Transition North America Equity Index Fund – GBP Currency Hedged

Amazon.com, Inc. 24 May 2023

- **Relevant stewardship priority:** Corporate transparency and business ethics.
- **Vote cast:** For resolution.
- **Outcome of the vote:** Failed.
- **Management recommendation:** Against resolution.
- **Summary of resolution:** Report on median adjusted gender/racial pay gaps.
- **Rationale for the voting decision:** 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 LGIM believes 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.
- **Approximate size of the Scheme's holding at the date of the vote:** 2.8%.
- **The reason the Trustees considered this vote to be "most significant":** Linked to stewardship priorities, represents a substantial holding within the fund and is a high-profile company.
- **Was the vote communicated to the company ahead of the vote:** LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Low Carbon Transition Japan Equity Index Fund – GBP Currency Hedged

Toyota Motor Corp., 14 June 2023.

- **Relevant stewardship priority:** Corporate transparency and climate change.
- **Vote cast:** For resolution.
- **Outcome of the vote:** Failed.
- **Management recommendation:** Against resolution.
- **Summary of resolution:** Amend articles to report on corporate climate lobbying aligned with Paris Agreement.
- **Rationale for the voting decision:** LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledges the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, LGIM believes that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.
- **Approximate size of the Scheme's holding at the date of the vote:** 5.2%
- **The reason the Trustees considered this vote to be "most significant":** Linked to Trustees' stewardship priorities and the company represents a substantial holding within the fund.

- **Was the vote communicated to the company ahead of the vote:** LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Low Carbon Transition Asia Pacific (ex Japan) Equity Index Fund – GBP Currency Hedged

National Australia Bank Limited, 15 December 2023

- **Relevant stewardship priority:** Climate change.
- **Vote cast:** For resolution.
- **Outcome of the vote:** Withdrawn.
- **Management recommendation:** Against resolution.
- **Summary of resolution:** Approve transition plan assessments.
- **Rationale for the voting decision:** LGIM expects companies to be taking sufficient action on the key issue of climate change. While LGIM acknowledges the Company's disclosures on sector policies and emissions reduction targets in this regard, LGIM believe that additional reporting on how this is assessed in practice and any timelines associated with this in light of the Company's existing commitments is considered beneficial to shareholders.
- **Approximate size of the Scheme's holding at the date of the vote:** 3.3%
- **The reason the Trustees considered this vote to be "most significant":** Linked to climate change stewardship priority and the company represents a substantial holding within the fund.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

Low Carbon Transition Emerging Markets Equity Index Fund

Pin An Insurance (Group) Co. of China Ltd., 12 May 2023.

- **Relevant stewardship priority:** Corporate transparency and climate change.
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed.
- **Management recommendation:** For resolution.
- **Summary of resolution:** Approve report of the Board of Directors.
- **Rationale for the voting decision:** LGIM deems the company to not meet minimum standards with regard to climate risk management.
- **Approximate size of the Scheme's holding at the date of the vote:** 0.7%
- **The reason the Trustees considered this vote to be "most significant":** Linked to Trustees' stewardship priorities and the company represents a substantial holding within the fund.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.