

Implementation Statement

Covering the Scheme Year from 1 April 2024
to 31 March 2025

31 March 2026



The Trustee of the RSM UK (2006) Retirement Benefit Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in the introduction section.

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

In preparing the Statement, the Trustee has 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.

Introduction

No changes were made to the SIP during the Scheme Year. The last time the SIP was formally reviewed was August 2023.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes 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.

LCP monitors the investment managers on an ongoing basis, through regular research meetings and ad-hoc meetings where appropriate e.g. in response to any developments at the investment managers. LCP informs the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme’s investment managers that may affect the managers’ ability to achieve their investment objectives. These updates are typically included in the regular performance reports provided by LCP or via email, and include any significant change to the investment process, key staff for any of the funds the Scheme invests in, any material change in the level of diversification in the fund or changes to the managers’ approach to ESG considerations.

The Trustee reviews LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores are based on LCP's RI Survey which is carried out annually. While broadly satisfied with the results of LCP's 2024 RI Survey, the Trustee emailed the Scheme's investment managers on the back of it to communicate its expectations of the investment managers' RI practices. LCP also provides information on ESG and topical issues in its quarterly investment update paper. Furthermore, the Trustee has set LCP an objective in relation to advising and assisting the Trustee on managing ESG matters and will monitor its performance on an annual basis.

Following the introduction of DWP's guidance, the Trustee agreed the following stewardship priorities in February 2023 to focus monitoring and engagement with its investment managers on specific ESG factors:

- Climate change.
- Diversity, equity & inclusion.
- Board remuneration.

The Trustee selected these priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. These stewardship priorities also cover each of environmental, social, and governance factors. The Trustee communicated these priorities to the Scheme's investment managers, as guidance for when managers encounter voting opportunities and engage with the funds' underlying holdings. These stewardship priorities were unchanged over the Scheme Year.

The Trustee is 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 Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's 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 listed equities as follows:

- LGIM Low Carbon Transition Global Equity Index Fund (GBP hedged and unhedged share classes).
- Capital Emerging Market Total Opportunities Fund.

In addition to the above, the Trustee contacted the Scheme's investment 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. Commentary provided from these managers is set out in the final section.

Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in February 2023, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views. The SIP as updated to reflect these changes in May 2023.

LGIM

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 fully integrating engagement into the voting process and sending consistent messaging to companies.

LGIM uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares and augments its own research and proprietary ESG assessment tools. All decisions are made by LGIM and it does not outsource any part of the strategic decisions. To ensure its proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions that apply to all markets globally. The Investment Stewardship team retains the ability to override any vote decisions that were based on its custom voting policy, for example due to additional information gained when engaging with a firm, and monitors votes including a regular manual check of votes that have been input on the ProxyExchange platform.

LGIM holds an annual stakeholder roundtable event where clients and other stakeholders are invited to express their views directly to the Investment Stewardship team. The views expressed at the roundtable form a key consideration in the development of LGIM's engagement policies, which are reviewed on an annual basis, with ad-hoc feedback also being taken into account.

Capital

Capital has an investment professional-led voting process with voting decisions made independently by each of the three separate equity investment groups based solely on what they believe are the financial interests of its clients.

Proxy analysis is first conducted by its governance specialists, in accordance with Capital's voting procedures and principles. These comprise a blend of over-arching governance principles, which have global applicability, supplemented by more detailed regional voting guidance aligned with local market regulation in the Americas, Europe, the Middle East and Africa and Asia-Pacific.

Capital also conducts company-specific analysis as part of the proxy research process for every ballot item on every proxy for which it is responsible. Once completed, the research is shared with one or more of the group's investment analysts familiar with the company to come to a recommendation. If there is disagreement, a second opinion can be provided by a proxy coordinator (an investment analyst or another investment group associate with experience in corporate governance and proxy voting matters).

All voting recommendations are subject to the final voting authority of the Proxy Committee in the applicable investment unit. Proxy Committees are a subcommittee of each unit's Investment Committee. They have oversight of voting activity in their respective units and, along with each unit's full Investment Committee, approve the procedures and principles.

Capital Group does not outsource the execution of its internal proxy voting principles to any third-party advisory service. Capital Group uses Institutional Shareholder Services (ISS) ProxyExchange as the company's voting platform. ISS is a leading provider of proxy voting products and services to participants in the global financial markets. In addition to its proprietary proxy voting, governance and executive compensation research, Capital Group may utilise research provided by ISS, Glass-Lewis & Co. or other third-party advisory firms on a case-by-case basis.

Hayfin

Hayfin would not generally have voting opportunities for the investments in the Direct Lending Fund II which the Scheme invests in due to the nature of the investments in its Direct Lending strategy where Hayfin exclusively act as a lender. As such, in instances where Hayfin would potentially hold a voting seat, the investment professional would seek to vote in the best interest of its investors and in line with the relevant Investment Committee Strategy.

IFM

IFM believes engagement with portfolio companies is a cornerstone of its responsible investment strategy. IFM engages through both Board representation and frequent contact with management, ensuring that sustainable investment matters are continuously addressed. As a minimum requirement, IFM seeks out equity positions that confer governance rights, including Board representation and negative control. With Board seats on all of its investments, IFM meets with company management on a one-on-one basis to raise specific sustainable investment concerns and work collaboratively to find appropriate solutions. IFM is entitled to one vote for every share regarding the election and re-election of the board of directors.

Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	LGIM	Capital
Fund name	Low Carbon Transition Global Equity Index Fund	Emerging Markets Total Opportunities Fund
Total size of fund at end of the Scheme Year	£7,205m	£488m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£20.9m	£6.2m
Number of equity holdings at end of the Scheme Year	2,737	120
Number of meetings eligible to vote	4,703	175
Number of resolutions eligible to vote	47,050	1799
% of resolutions voted	99.8%	100%
Of the resolutions on which voted, % voted with management	79.6%	94.5%
Of the resolutions on which voted, % voted against management	19.2%	5.2%
Of the resolutions on which voted, % abstained from voting	1.2%	0.3%
Of the meetings in which the manager voted, % with at least one vote against management	61.4%	26.9%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.9%	Not applicable*

*Capital was not able to provide this data, noting that it does not rely on the recommendations of proxy research firms when voting.

Most significant votes

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

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA’s criteria for creating this shortlist.

The Trustee has interpreted “significant votes” to mean those that:

- Align with the Trustee’s stewardship priorities.
- Might have a material impact on future company performance.
- The investment manager believes to represent a significant escalation in engagement.

The Trustee has reported on one or two 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 Trustee.

LGIM Low Carbon Transition Global Equity Index Fund (GBP hedged and unhedged share classes)

[Alphabetic Inc., 7 June 2024](#)

- **Relevant stewardship priority:** Diversity, equity and inclusion.
- **Fund manager vote cast:** Against resolution.
- **Company management recommendation:** For resolution.
- **Outcome of the vote:** Passed.
- **Summary of resolution:** Elect Director John L. Hennessy.
- **Rationale for the voting decision:** A vote against is applied as LGIM expects companies to have boards comprising at least one-third women.
- **Approximate size of the mandate’s holding at the date of the vote:** 1.4%.
- **The reason the Trustee considered this vote to be “most significant”:** Relates to one of the Trustee’s chosen stewardship priorities.
- **Next steps:** LGIM will continue to engage with the company, publicly advocate LGIM’s position on this issue and monitor company and market-level progress.

Tesla Inc., 13 June 2024

- **Relevant stewardship priority:** Board remuneration.
- **Fund manager vote cast:** Against resolution.
- **Company management recommendation:** For resolution.
- **Outcome of the vote:** Pass.
- **Summary of resolution:** Advisory vote to ratify named Executive Officers' compensation
- **Rationale for the voting decision:** LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives and hence a vote against this proposal was warranted. While most NEOs received modest or no compensation for the financial year 2023, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\). Trustees are expected to select “most significant votes” from the long-list of significant votes provided by their investment managers.](#)

- **Approximate size of the mandate’s holding at the date of the vote:** 1.3%.
- **The reason the Trustee considered this vote to be “most significant”:** Relates to one of the Trustee’s chosen stewardship priorities.
- **Next steps:** LGIM will continue to engage with the company, publicly advocate LGIM’s position on this issue and monitor company and market-level progress.

Capital Emerging Market Total Opportunities Fund

Barrick Gold Corporation, 30 April 2024

- **Relevant stewardship priority:** Climate change.
- **Fund manager vote cast:** Against resolution.
- **Company management recommendation:** Against resolution.
- **Outcome of the vote:** Not Passed.
- **Summary of resolution:** Commission an independent third party audit of environmental water impacts.
- **Rationale for the voting decision:** The proposed shareholder resolution was considered by Capital to be too prescriptive.
- **Approximate size of the mandate's holding at the date of the vote:** 0.2%.
- **The reason the Trustee considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities.
- **Next steps:** Capital Group will continue to engage with the company regarding its vote rationale, in order to provide better outcomes for shareholders.

Tencent Holdings Limited, 14 May 2024~

- **Relevant stewardship priority:** Board remuneration.
- **Fund manager vote cast:** Against resolution.
- **Company management recommendation:** For resolution.
- **Outcome of the vote:** Passed.
- **Summary of resolution:** Approve issuance of equity or equity-linked securities without pre-emptive rights.
- **Rationale for the voting decision:** Proposed share issuance is not in the best interest of shareholders.
- **Approximate size of the mandate's holding at the date of the vote:** 1.5%.
- **The reason the Trustee considered this vote to be "most significant":** Relates to one of the Trustee's chosen stewardship priorities.
- **Next steps:** Capital Group will continue to engage with the company regarding its vote rationale, in order to provide better outcomes for shareholders.

Engagement in relation to assets other than listed equity

IFM Global Infrastructure Fund

Veolia Energia Polska

- **Relevant stewardship priority:** Climate change.
- **Engagement:** IFM states that through its active management, Veolia Energia Polska has committed to transitioning away from coal, and in doing so, seeks to support Poland's transition towards a cleaner energy mix. Veolia Energia Polska's strategy sees an estimated 40% reduction in tonnes of CO₂ emissions by 2030. The strategy focuses on future-proofing energy generation assets for use with lower emissions fuels, while increasing output to support a lower coal energy mix.
- **Outcomes and next steps:** IFM states that the development of the new gas-fired combined heat and power plants at Poznan and Lodz are progressing well. Upon completion, these new power plants will replace existing coal facilities. In Veolia Poznan, a new single-cycle gas turbine ("SCGT") plant commenced operations on 1 March 2025, marking a key milestone in the Phase 1 decarbonisation plan. The project was delivered a few months ahead of schedule, under budget and without any health and safety accidents. It will result in the removal of approximately one-third of Veolia Energia Polska's coal exposure and allow for significant efficiency and flexibility gains due to the automation of the gas units and the ability to operate in electricity-only mode during summer. Additionally, Veolia Lodz issued a notice to proceed with the construction of a new gas SCGT plant in January 2025. Veolia Energia Polska will leverage its experience working with Siemens as an EPC (engineering, procurement, and construction) contractor on the Poznan gas project as the team remains the same.



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