

Implementation Statement

Bic UK Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the BIC UK Pension Scheme (**“the Scheme”**) to set out the following information over the year to **31 March 2024**:

- How the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The Implementation Statement covers details of all voting activity (and significant votes) as well as engagement activity for all funds held by the Scheme during the year to 31 March 2024.

Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2023 and has been made available online here: [Statement of Investment Principles \(pensionpal.co.uk\)](https://pensionpal.co.uk)

The Trustee has decided not to set stewardship priorities for the Scheme at this time because:

- the Scheme solely invests through pooled investment vehicles where the Scheme’s asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers.
- None of the Scheme’s invested assets have voting rights attached.

The Trustees will keep this policy under review in line with the nature of the funds they are now investing in.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- The Scheme is currently only invested in liability matching assets (gilts and corporate bonds) and cash and therefore there is limited engagement and stewardship that the Trustees can do.

**Prepared by the Trustees of the BIC UK Pension Scheme
June 2024**

Voting Data

There were no voting rights attached to any of the investments the Scheme held over the period covered by this statement, and so no voting data (including data on significant votes) is available for the period.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by LGIM during the year for the relevant funds.

Engagement activities are limited for the Scheme's gilt funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM
Fund name	LGIM Core Plus Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	97
Number of entities engaged on behalf of the holdings in this fund in the year	40
Number of engagements undertaken at a firm level in the year	2144

Example of engagement activity undertaken over the year to 31 March 2024

Legal & General Investment Management

Heidelberg Cement: Carbon Emissions

The cement industry is responsible for around 8% of global emissions and so is a key target for decarbonisation for the world to achieve net zero and features on LGIM's list of 'climate critical' sectors. LGIM engaged with Heidelberg's management team to discuss the progress and economic viability of the company's planned CCS (Carbon Capture and Storage) projects.

Questions focused on:

- The economics of CCS (cost of capture, transport, and storage versus carbon pricing),
- The external factors affecting viability of CCS projects (regulation, government subsidies etc.),
- Demand expectations for 'carbon-free' cement.

LGIM will continue to engage with Heidelberg as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg, the commercial aspects of CCS projects will only become economical with either an increase in the cost of high carbon materials or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management to encourage progress towards decarbonisation where possible.

Volkswagen ('VW'): Human Rights

VW is one of the largest automotive manufacturers in the world with a particularly large presence in China. Over the past few years corporations have faced allegations of using forced labour in their operations in the Urumqi, Xinjiang region of China where VW opened a plant via a joint venture in 2013. As part of LGIM's engagement they were looking to:

- Understand the nature of Volkswagen's presence in Xinjiang and how it enforces its governance practices via the joint venture.
- Work with the company as they identify a solution to obtain the removal of a red flag applied by MSCI in response to allegations of forced labour at their operations in Xinjiang.
- Determine long-term solutions to prevent future governance controversies relating to human rights- or labour-related practices.

LGIM have maintained a regular and continuous dialogue with the company for many years regarding strategic direction and other governance questions, e.g. following the 'Diesel-gate' scandal in 2015. Since MSCI assigned a red flag controversy in late 2022, LGIM increased dialogue with the company further, and have engaged on the question of human rights and the company's presence in Xinjiang with senior management and investor relations specialists. Communication has taken place via multiple channels, including in person, conference calls and written correspondence.

LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen commissioned an independent audit of its new joint venture plant in Xinjiang, which was conducted in December 2023. This audit was conducted by a high profile and well-respected body and addressed the main concerns around operations at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag.

APA: Climate Change

LGIM have been engaging directly with APA (Australia's largest energy infrastructure business) since 2022. This has fallen under LGIM's Climate Impact Pledge campaign as the company was identified as lagging LGIM's expectations on climate-related lobbying activities.

The APA Group brought its climate transition plan to a vote, which LGIM voted against as it did not contain Scope 3 emission targets. The company have noted that these would be finalised by no later than 2025. LGIM met with APA in early 2023 and set out their expectations as per their net zero guide and have worked with the company to understand the hurdles it faces to meet these expectations. In early 2024 APA confirmed they will include a Scope 3 goal in the 2025 refresh of the Climate Transition Plan, and they outline their proposed Scope 3 reduction pathway.