

Hashimoto Limited Pension Scheme

Implementation Statement

For the year ended 28 February 2023

Introduction

This statement has been prepared by the Trustee of the Hashimoto Limited Pension Scheme ('the Scheme') to demonstrate how the Trustee has acted on certain policies within the Statement of Investment Principles ('SIP'). This document is known as the Scheme's Implementation Statement.

This Implementation Statement covers the Scheme year from 1 March 2022 to 28 February 2023 and provides details of how, and the extent to which, the SIP policies on engagement have been followed over the year, including a description of voting behaviour, the most significant votes cast and the use of proxy voting over the year.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ('DB') investments held by the Scheme. Note that this excludes any Additional Voluntary Contribution investments held by the Scheme.

SIP Policies

This Implementation Statement should be read in conjunction with the Scheme's SIP covering the year under review, which gives details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives.

Over the year to 28 February 2023 the Scheme's SIP include policies on:

- How 'financially material considerations' including Environmental, Social and Governance ("ESG") factors are taken into account when taking investment decisions for the Scheme.
- The extent to which non-financial matters are taken into account in the investment decision making process.
- Stewardship and voting – including details on monitoring and engaging with the companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, risks, corporate governance and ESG). Engagement with investee companies by the investment managers is also expected on the matters of capital structure and the management of actual or potential conflicts of interest.
- Monitoring the Scheme's investment manager, particularly concerning financial arrangements, performance, ESG factors and engagement were added.
- The duration of the Scheme's arrangement with the investment manager.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Scheme year-end and the extent to which the Trustee believes the policies within the SIP have been followed.

The Scheme was invested in pooled funds managed by Legal & General Investment Management ("LGIM", or the "Investment Manager") over the period from 1 March 2022 to 28 February 2023.

The Scheme's SIP states the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Trustee's policy is to invest in pooled investment vehicles. It is the investment manager that is responsible for the policy on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.
- The Trustee acknowledges that certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Scheme's investments and the likelihood that the Scheme's objectives will be achieved.
- The Trustee, in consultation with their Investment Advisor, has reviewed the ESG and stewardship policies of the investment managers and are comfortable that these policies are consistent with their views.

Description of voting behaviour

The Scheme is invested in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Scheme sits with the investment manager. The Trustee has enforced the policies in place by monitoring the engagement and voting activities of the Scheme’s investment manager to attempt to ensure they are aligned with the Trustee’s policies. This Implementation Statement summarises the votes made on behalf of the Trustee over the Scheme year.

Over the year to 28 February 2023, the Scheme held the following pooled fund investments, all managed by Legal & General Investment Management (“LGIM”):

- a sterling hedged ESG-focused global equity fund,
- a buy & maintain credit fund,
- a sterling denominated cash fund,
- leveraged liability driven investment (“LDI”) funds.

The Scheme therefore had investments which carried voting rights within the LGIM Future World Global Equity Index Fund – Sterling Hedged and the LGIM Buy and Maintain Credit Fund, which the Trustee were invested in throughout the Scheme year.

The following table shows LGIM’s voting summary covering the Scheme’s investment in the Future World Global Equity Fund – GBP Hedged, over the year to 31 March 2023. It should be noted that the Scheme had no holdings in the Fund over the period from 22 September 2022 to 18 October 2022, as proceeds from the Fund were needed to meet collateral calls within the Scheme’s LDI portfolio. LGIM is currently only able to provide voting statistics for 12-month periods to quarter-ends, rather than the actual periods invested. Therefore, we have included voting information covering the most relevant 12-month period from 1 April 2022 to 31 March 2023.

LGIM Future World Global Equity Fund – GBP Hedged (£1.6m or 14% of Scheme assets as at 28 February 2023)	
Number of meetings LGIM was eligible to vote at over the year to 31 March 2023	5,067
Number of resolutions LGIM was eligible to vote on over the year to 31 March 2023	54,368
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted with management.	80.4%
Of the resolutions voted, percentage that LGIM voted against management.	18.6%
Of the resolutions voted, percentage where LGIM abstained .	1.0%
Percentage of eligible meetings where LGIM voted at least once against management.	63.3%

The second table shows LGIM’s voting summary covering the Scheme’s investment in the Buy and Maintain Credit Fund over the year to 31 March 2023. Similarly to the table above, we have included voting information covering the most relevant 12-month period from 1 April 2022 to 31 March 2023.

LGIM Buy and Maintain Credit Fund – GBP Hedged (£4.8m or 42% of Scheme assets as at 28 February 2023)	
Number of meetings LGIM was eligible to vote at over the year to 31 March 2023	2
Number of resolutions LGIM was eligible to vote on over the year to 31 March 2023	3
Of the eligible resolutions, percentage that LGIM voted on.	100.0%

Of the resolutions voted, percentage that LGIM voted with management.	100.0%
Of the resolutions voted, percentage that LGIM voted against management.	0.0%
Of the resolutions voted, percentage where LGIM abstained .	0.0%
Percentage of eligible meetings where LGIM voted at least once against management.	0.0%

Proxy voting

The Trustee did not employ a proxy-voting service during the Scheme year to 28 February 2023.

LGIM votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform as given the scale of its holdings, the fund manager cannot be present at shareholder meetings to cast votes. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

How voting and engagement policies have been followed

The Trustee reviews and monitors the voting and engagement activity taken on their behalf on an annual basis. The information published by the investment manager has provided the Trustee with comfort that the voting and engagement policies have been followed during the year. Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustee?	Comments
Performance of debt or equity issuer	✓	LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	The Trustee believes that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustee also believes that the appropriate governance structures need to be in place. These include the separation of duties between the board and the CEO, as well as policies covering independence, diversity and remuneration. LGIM have clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustee.
Risks	✓	LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.
Social and Environmental impact	✓	<p>LGIM has acted against over 80 companies in 2022 under their Climate Impact Pledge in order to hold directors to account for their management of climate risk. This included two companies being divested, and one company being reinstated. LGIM's Climate Impact Pledge now covers more than 5,000 companies across 20 climate-critical sectors.</p> <p>During 2022, to promote diversity at the board level, LGIM voted against the board chair of UK and US companies where there was insufficient gender representation on the executive committee, or the board did not include at least one person from an ethnic minority background. LGIM have stated that in 2023, they will begin to expand similar expectations to smaller companies, voting against boards</p>

		where female directors do not make up at least 25% of the total board.
Corporate Governance	✓	LGIM's policy is to vote against all elections which combine the roles of CEO and Chair. For example, LGIM voted against electing directors of JP Morgan Chase & Co., Bank of America Corporation and Meta Platforms Inc alongside several others, in line with this policy.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.
Capital Structure	✓	LGIM have policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, LGIM have advocated for equal voting rights under a 'one share, one vote' standard.

Significant votes

LGIM publicly communicates its voting instructions on its website with the rationale for all votes against management. LGIM has provided examples of what it believes to be the most significant votes cast on the Trustees behalf during the period, examples of which are included below. Given LGIM were only eligible to vote at two meetings in regards to holdings of the Buy & Maintain Credit Fund, there were no significant votes made over the 1-year period to 31 March 2023.

LGIM voted against the election a director at NVIDIA Corporation due to board diversity and independence concerns. LGIM expects companies to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. In addition, LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, skills, experience and background.

In addition, LGIM voted in favour of McDonald's Corporation committing to reporting on the use of antibiotics in the company's supply chain. This was due to antimicrobial resistance being a key focus of the LGIM Investment Stewardship team's engagement strategy. The LGIM Investment Stewardship team believe that, without coordinated action, antimicrobial resistance could prompt the next global health crisis, with a potentially dramatic impact on the planet, people and global economy.

Engagement with investee companies

Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the majority of the Scheme's fixed income investments within the LGIM Buy and Maintain Credit Fund (c. 42% of Scheme assets as at 28 February 2023) as these investments do not carry voting rights. However, the Trustee expects the investment manager to engage on its behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practices. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's voting policies are reviewed annually and take into account client feedback.

Over the 12 months to 31 December 2022, LGIM undertook 711 engagements with 585 companies at the firm level. Some engagements cover multiple topics and LGIM has provided the following summary:

- 312 on environmental topics;
- 266 on social topics;
- 354 on governance issues; and
- 96 on other topics including finance and strategy.

The engagement data above is shown over the 12 months to 31 December 2022 as LGIM had not published their quarterly ESG Impact Report covering the quarter to 31 March 2023 at the time of writing.

Over the year, LGIM began to release fund specific engagement statistics, with the following table summarising the engagements undertaken on a fund-by-fund basis. Data for the Future World Global Equity– GBP Hedged Fund and the Buy and Maintain Credit Fund relates to the year to 31 December 2022 as LGIM are yet to publish the updated report to 31 March 2023.

	Total Engagements	No. Unique Companies Engaged	% of eligible fund value engaged	Environmental Topics	Social Topics	Governance Topics	Other Topics
Future World Global Equity Fund – GBP Hedged	791	543	42%	411	194	346	147
Buy and Maintain Credit Fund	157	81	21%	84	60	70	20

The remainder of the Scheme’s assets (c. 44% as at 28 February 2023) are invested in a liquidity fund and leveraged nominal and index-linked government bonds and interest rate and inflation swaps through the LGIM Matching Core Funds and cash through the LGIM Sterling Liquidity Fund with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Scheme’s liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

Extent to which Trustee’s policies have been followed during the year

Having reviewed the actions taken by the investment managers over the Scheme year, the Trustee believes that the policies on voting rights and engagement have been implemented and followed over the Scheme year. The Trustee will continue to monitor the actions taken on its behalf each year.

If the investment manager deviates substantially from the Trustee’s stated policies, the Trustee will initially discuss this with the relevant fund manager. If in the opinion of the Trustee the difference between the policies and the investment manager’s actions is material, the Trustee will consider terminating the mandate.