

W Grose Ltd Retirement Benefits Plan (1981)

Implementation Statement

For the year to 30 June 2021 – Agreed and Approved by the Trustee of the W Grose Ltd Retirement Benefits Plan (1981) in December 2021

This is the Implementation Statement prepared by the Trustee of the W Grose Ltd Retirement Benefits Plan (1981) ("the Plan") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 30 June 2021.

How voting and engagement policies have been followed

The Trustee invests entirely in pooled funds, and therefore delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.

The Trustee has reviewed the stewardship and engagement activities of the current managers during the year and is satisfied that their policies were reasonable and no remedial action was required during the period.

Throughout the year the Trustee receives and reviews voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies.

Additional information on the voting and engagement activities carried out for the Plan's investments are provided on the following pages. The Trustee and their investment consultant are working with the fund managers to improve the availability and quality of information included in future Implementation Statements.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Plan's stewardship policies.

Voting undertaken on behalf of the Trustee

Voting only applies to equities held in the portfolio. The Plan's equity investments are held in pooled equity funds managed by Legal & General Investment Management (LGIM) and a pooled diversified growth fund managed by BlackRock. The use of pooled funds means that there is limited scope for the Trustee to influence voting, which is carried out by the fund managers on behalf of the Trustee.

The table below provides a summary of the voting activity undertaken by each manager during the year.

Manager	LGIM	BlackRock
Fund name	LGIM Global Equity Market Weights (30:70) Index Fund 75% GBP Hedged	BlackRock Dynamic Diversified Growth Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	6,839	995
Number of resolutions the manager was eligible to vote on over the year	72,992	12,343
Percentage of resolutions the manager voted on	99.87%	99.99%
Percentage of resolutions the manager abstained from	0.97%	0.96%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	83.72%	93.77%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	15.31%	6.23%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	8.57%	0.11%

Some voting percentages quoted above may not sum to 100.00%. Managers assure us that this is due to classifications of votes and abstentions both internally and across different jurisdictions.

There are no voting rights attached to the other assets held by the Plan and therefore there is no voting information shown above for these assets.

Significant votes

We have delegated to the investment managers to define what a “significant vote” is. A summary of the data they have provided is set out below.

LGIM Global Equity Market Weights (30:70) Index Fund 75% GBP Hedged

	Vote 1	Vote 2	Vote 3
Company name	ZOZO, Inc.	China Feihe Ltd.	Plus500 Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.35%	0.84%	2.32%
Date of vote	25 June 2021	18 May 2021	16 September 2020
Summary of the resolution	Elect Director Kotaro Sawada	Accept Financial Statements and Statutory Reports	Approve Special Bonus Payment to CFO Elad Even-Chen
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is the manager's policy not to engage with their investee companies in the three weeks prior to an AGM as the manager's engagement is not limited to shareholder meeting topics.		LGIM directly notified the company of its vote intentions before the shareholder meeting.
Rationale for the voting decision	The manager views gender diversity as a financially material issue. LGIM therefore vote against all companies in the large-cap TOPIX 100 index and all TOPIX Mid 400 companies that do not have at least one woman on the board.	LGIM believes that the company does not meet minimum standards with regards to climate risk management and disclosure.	LGIM believes that such transaction bonuses do not align with pre-set targets and are not aligned with long-term performance.
Outcome of the vote	94.2% supported the resolution.	99.8% supported the resolution.	Due to shareholder dissent, the resolution with withdrawn. However, the company intends to propose the resolution again at the next EGM.
Implications of the outcome	The manager will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	The manager will continue to engage with the company and monitor progress.	The manager will continue to monitor the company.
Criteria on which the vote is considered “significant”	LGIM views gender diversity as a financially material issue.	The vote applies under LGIM's Climate Impact Pledge, namely their engagement programme that targets the world's largest companies on their strategic management of climate change.	The resolution gained media interest and resulted in the company being included in the UK Investment Association's Public Register.

BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Tesla, Inc.	Australia & New Zealand Banking Group Limited	Johnson & Johnson
Date of vote	22 September 2020	16 December 2020	22 April 2021
Summary of the resolution	Elect Director Robyn Denholm	Approve Transition Planning Disclosure	Adopt Policy on Bonus Banking
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?		BlackRock did not provide this data.	
Rationale for the voting decision	BlackRock believes that the nominee has not demonstrated the ability to effectively represent shareholders' best interests.	ANZ has provided disclosure in relation to the management of its climate change risk and exposure to fossil fuel assets. However, the company does not fully address shareholders' concerns as targets to phase out some fossil fuel exposures have still not been disclosed.	The manager believes that executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.
Outcome of the vote	Pass	Withdrawn	Fail
Implications of the outcome		BlackRock did not provide this data.	
Criteria on which the vote is considered "significant"		BlackRock did not provide this data.	

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee.

Data Limitations

Information relating to fund level engagement policies was requested from the Plan's investment managers. LGIM provided their data at a firm level, rather than at fund level. In addition, Barings does not yet report engagement figures at a fund level. The Trustee's investment consultants are working with the managers to improve the depth of the information provided in the requested format.

The table below provides a summary of the engagement activity undertaken by managers during the year.

Manager	LGIM	BlackRock	Barings
Fund name	LGIM Global Equity Market Weights (30:70) Index Fund 75% GBP Hedged LGIM Matching Core Funds LGIM Sterling Liquidity Fund	BlackRock Dynamic Diversified Growth Fund	Barings Global High Yield Credit Strategies Fund
Does the manager perform engagement on behalf of the holdings of the fund(s)	<ul style="list-style-type: none"> • LGIM Global Equity Market Weights (30:70) Index Fund 75% GBP Hedged: Yes • LGIM Matching Core Funds: No • LGIM Sterling Liquidity Fund: No 	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the fund(s) in the year	Not Available	944	505 across the Fixed Income business
Number of engagements undertaken at a firm level in the year	1,003	9,270 engagements across BlackRock's five engagement priorities	Barings does not yet record this figure
Number of companies the manager engaged with at a firm level during the year	893	Not Available	415 distinct issuers
Examples of engagements undertaken at a firm level in the year	<p>Engagement topics include:</p> <ul style="list-style-type: none"> • Climate change • Remuneration • Board composition • Strategy • Diversity 	<p>Engagement topics include:</p> <ul style="list-style-type: none"> • Company voting structure • Remuneration • Worker health and safety • Human rights • Waste management 	<ul style="list-style-type: none"> • Jewellery retailer – the company paid a significant dividend out when it was exposed to potential disruption to business operations due to COVID-19. After Barings engaged with the company, sponsors and management made a written commitment to repay the dividend into the business. • Flooring products manufacturer – the company was fined by the French antitrust authority for anti-competitive practices in 2017. Barings obtained meetings to understand controls put in place to prevent reoccurrence and were satisfied by the findings.