

Implementation Statement

The Walkers Shortbread Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Walkers Shortbread Limited Retirement Benefits Scheme (“the Scheme”)** to set out the following information over the year to **30 April 2023**:

- 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 voting behaviour is not given over the Scheme year end to 30 April 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2023.

Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in March 2023 and has been made available online here:

[Statement of Investment Principles](#)

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks and considerations for the future of the Scheme.

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.
- Our investment advisors have undertaken an initial review of the stewardship and engagement activities of the current managers using their internal research teams, and were satisfied that their policies were reasonable and no remedial action is required.
- The Scheme’s investments are all held with one investment managers, LGIM and this has been unchanged for some time. LGIM is rated high conviction by our investment advisors for stewardship

and voting, and the Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.

- The Trustees are comfortable the actions of the fund manager are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Walkers Shortbread Limited Retirement Benefits Scheme
30 April 2023**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2023. The cash, gilts and bonds funds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	LGIM
Fund name	Global Equity Fixed Weight (50:50) Index Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	3,197
No. of eligible votes	41,099
% of resolutions voted	99.84%
% of resolutions abstained	0.13%
% of resolutions voted with management¹	81.85%
% of resolutions voted against management¹	18.02%
Proxy voting advisor employed¹	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 they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
% of resolutions voted against proxy voter recommendation	12.21%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks and considerations for the future of the Scheme. For this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy.

LGIM have provided a selection of 568 votes which they believe to be significant. In the absence of agreed stewardship priorities/themes, the Trustees have selected 5 votes from the manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM, Global Equity Fixed Weights (50:50) Index Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Royal Dutch Shell Plc	Amazon.com, Inc.	NVIDA Corporation	LVMH Moet Hennessy Louis Vuitton SE	Melrose Industries Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.41%	0.54%	0.20%	0.39%	0.11%
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 1g – Elect Director Harvey C Jones	Resolution 5 - Reelect Bernard Arnault as Director	Resolution 8 – Re-elect Justin Dowley as Director
How the manager voted	Against	Against	Against	Against	Against
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching 30% by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and	Committee independence: A vote against is applied because the director is not independent and sits on the Board Committee that should be comprised on solely independent directors.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.		critical issue. LGIM also voted against the resolution as they expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure and background.	responsibility on the board.	
Outcome of the vote	79.9% of shareholders supported the resolution	93.3% of shareholders supported the resolution	83.8% of shareholders supported the resolution	92.0% of shareholders supported the resolution	93.4% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.				
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote to be significant as it is an application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Vote 1

Vote 2

Vote 3

Vote 4

Vote 5

combined board
chair/CEO roles.

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 each manager during the year for the relevant funds.

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

Manager	LGIM – Fund Level	LGIM – Firm Level
Fund name	Global Equity 50:50 Equity Index Fund	All LGIM Funds
Number of companies engaged with this year	466	950
Number of engagements undertaken in the year	726	1,088