

Implementation Statement

Royal Blind Group Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the Royal Blind Group Pension Scheme (“the Scheme”) to set out the following information over the year to **31 March 2024**:

- how the Trustee’s 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 Trustee over the year, including information regarding the most significant votes.

Stewardship policy

At this time, the Trustee has 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.

The Trustee’s Statement of Investment Principles (SIP) in force at 31 March 2024, together with prior versions in force during the year to 31 March 2024, set out the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2024 and has been made available online here: https://sightscotland.org.uk/sites/default/files/2024-03/2024%2001%20RBGPS%20SIP%20v1.0_0.pdf

How the SIP has been followed over the year

In the Trustee’s opinion, the SIP has been followed over the year in the following ways:

- The Trustee uses reports provided by their investment consultants to monitor the performance of the strategy and the funds used on a quarterly basis, to assess performance relative to the Trustee’s objectives.
- The Trustee regularly reviews the ESG capabilities of the funds used as part of the annual monitoring process.
- The Trustee reviewed the investment strategy and revised the target asset allocation, de-risking the strategy in line with the Scheme’s investment objectives and as set out in the SIP.
- The Trustee has made no new manager appointments over the year.

How voting and engagement/stewardship policies have been followed

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.

Annually the Trustee receives and reviews voting information and engagement policies from the asset managers, which they review as part of manager appointment and review processes. The Trustee believes that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests.

**Prepared by the Trustee of the Royal Blind Group Pension Scheme
August 2024**

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 Trustee over the year to 31 March 2024. Over the year, the Scheme fully disinvested from the Growth Portfolio, managed by Aberdeen Standard Investments ("ASI"), Janus Henderson Investors ("Janus Henderson") and Legal & General Investment Management ("LGIM"). The Gilt and Cash Funds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate. The Scheme invested a new allocation in the LGIM Maturing Buy and Maintain fund range, however, along with the Janus Henderson Multi Asset Credit fund, they have minimal voting capabilities and therefore have been excluded from this section. However, details on the engagement the Funds undertake are included in the Engagement section.

Manager	Abrdn	LGIM
Fund name	Diversified Growth	World Equity Index (Hedged and Unhedged)
Structure	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	
No. of eligible meetings	606	5,134
No. of eligible votes	8,546	52,212
% of resolutions voted	97.3%	99.9%
% of resolutions abstained	0.5%	0.3%
% of resolutions voted with management	86.8%	80.3%
% of resolutions voted against management	12.7%	19.5%
Proxy voting advisor employed	ISS	ISS
% of resolutions voted against proxy voter recommendation	9.6%	11.1%

Some voting percentages quoted above may not sum to 100%. Managers assure us that this is due to classifications of votes and abstentions both internally and across different jurisdictions.

LGIM's Investment Stewardship team uses the Institutional Shareholder Services ("ISS") "ProxyExchange" electronic voting platform to electronically vote on 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, they have put in place a custom voting policy with specific voting instructions.

ASI also use ISS for their proxy voting requirements, and have listed company stewardship guidelines to provide a framework for engagement and proxy voting for companies worldwide.

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 Trustee has 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. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities/themes.

LGIM and Abrdn have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities/themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme.

Abrdn, Diversified Growth

Abrdn provided a list of what they believed to be the most significant votes over the year. As the Scheme fully disinvested from the Abrdn Diversified Growth Fund in August 2023, we have chosen the below examples to demonstrate the range of issues on which the manager voted during the invested period.

	Vote 1	Vote 2	Vote 3
Company name	GSK Plc	Unilever Plc	Alphabet Inc.
Date of vote	3 May 2023	3 May 2023	2 June 2023
Summary of the resolution	Approve Remuneration Report	Approve Remuneration Report	Human Rights Risk Assessment
How the manager voted	Against	Against	For
Rationale for the voting decision	The long-term incentive scheme used by the company allows high levels of vesting for the achievement of threshold performance.	The incoming CEO's salary has been set higher than his predecessor's and is significantly higher than his current salary at Royal FrieslandCampina, and UK market peers. Abrdn believe that the Company has not provided compelling justification for this remuneration package.	Shareholder proposal. The use of personal and behavioural data in targeted advertising exposes users to the risk of privacy violations. The algorithms used in such processes may also unintentionally encourage bias and discrimination. How personal data is used for targeted advertising has also been the subject of recently enacted and draft legislation. Revenue generated from targeted advertising is central to Alphabet's business model. While the company is taking steps to address the concerns at the root of this proposal, an independent human rights impact assessment would provide shareholders with a proportionate level of assurance that the risks related to targeted advertising are appropriately managed.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	Pass	Fail	Not provided
Criteria on which the vote is considered "significant"	High Profile Vote	High Profile Vote	Shareholder and Environmental & Social (E&S) Resolutions

LGIM, Future World Equity Index

LGIM provided a list of what they believed to be the most significant votes over the year. As the Scheme fully disinvested from the LGIM Future World Equity Index funds in August 2023, we have chosen the below examples to demonstrate the range of issues on which the manager voted during the invested period.

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	NVIDIA Corporation
Date of vote	24 May 2024	2 June 2023	22 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	1.0%	2.1%
Summary of the resolution	Report on median and adjusted gender/racial pay gaps	Approve recapitalisation plan for all stock to have one-vote per share	Elect Director Stephen C. Neal
How the manager voted	For (against management recommendation)	For (against management recommendation)	Against (against management recommendation)
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.	A vote against is applied as LGIM expects a company to have at least one-third women on the board and for a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	Fail	Fail	Not provided

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	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 views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	LGIM view this shareholder resolution as significant due to the relatively high level of support received.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. 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 LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Abrdn	LGIM	Janus Henderson
Fund name	Aberdeen Life Diversified Growth Fund and Cash Fund	World Equity Index (MSCI) funds, Gilt funds, LDI, Sterling Liquidity Fund, Maturing Buy and Maintain Credit funds	Multi Asset Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	Not provided	Not provided	49
Number of entities engaged on behalf of the holdings in this fund in the year	Not provided	Not provided	35
Number of engagements undertaken at a firm level in the year	2,008*	2,144	865

*ASI provide firm level engagement data over the year to 31 December 2023.

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

Manager	Engagement undertaken
Abrdn (firm-level)	ENEL SPA: Throughout 2023, Abrdn actively engaged with Enel, focusing on the company's response to human rights controversies during construction of a renewal windfarm in Columbia as well as following up on their Net Zero strategy and commitment to sustainability. These engagements are a continuation of their ongoing engagement programme with Enel that has been in place since 2022.

Manager

Engagement undertaken

During their initial engagements with Enel in 2023, Abrdn addressed the controversy highlighted by MSCI concerning the construction of the Windpeshi windfarm in Colombia. Enel faced multiple protests against the construction of their renewable energy windfarm by local indigenous communities. Abrdn met with Enel to discuss their approach to community relations in emerging markets, specifically regarding the renewable projects on indigenous land. Enel provided insight into their policies and procedures in response to the allegations in Colombia.

Abrdn established milestones for the company to follow up on and review its progress. Additionally, Abrdn recommended that Enel review its current processes for engagement with indigenous groups against internationally recognised standards. Abrdn encouraged Enel to commit to these standards within its human rights policy. Later on in 2023, Abrdn continued to monitor the company's net zero strategy and held a meeting with Enel to discuss this.

As a result of the 2023 engagements, Enel has decided to stop building the Windpeshi windfarm project in Colombia and is currently undergoing a full review of its human rights policies. Abrdn will continue to monitor Enel's progress in implementing improvements in community relations in emerging markets, specifically regarding written documentation in local languages as well as track Enel's progress in achieving their renewable energy targets and adherence to their Net Zero strategy.

Heidelberg Cement: LGIM engaged with Heidelberg Cement to discuss the progress and economic viability of the company's planned carbon capture and storage (CCS) projects. LGIM's questions focused on:

- The economics of CCS
- The external factors affecting viability of CCS
- Demand expectations for "carbon-free" cement

LGIM (firm-level)

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 economics of CCS will only become economical with either an increase in the carbon price or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management.

Home Depot: Janus Henderson engaged with Home Depot regarding a shareholder proposal on deforestation. Janus Henderson encouraged Home Depot to disclose to CDP Forests, and to further disclose and improve transparency to shareholders. Home Depot say they favour Forest Stewardship Council (FSC) certified wood products but do not require FSC certification. The company committed that regardless of whether the proposal passed they would subscribe to CDP forests and disclose the relevant data. Janus Henderson encouraged the company to use this opportunity to be a leader, and work with shareholders to make progress in this space.

Janus Henderson (fund-level)

Janus Henderson had a follow up engagement to understand what progress had been made since the shareholder vote. The company confirmed they had just completed a deep dive supplier survey and are in the process of finalising a full report which will be published later this year. Home Depot have also disclosed to CDP Forests, however only reported on private label wood products, which are very small as a % of what they sell. Janus Henderson believe that there is more that Home Depot can do and will continue to engage once more information has been published later this year.