

Annual implementation statement for the year ending 31 December 2023

Belden (UK) Pension Plan

Introduction

This is the annual implementation statement prepared by the Trustee of the Belden (UK) Pension Plan ("the Trustee" of "the Plan") covering the Plan's year to 31 December 2023.

The purpose of this statement is to:

- set out how and the extent to which, in the opinion of the Trustee, the policy on engagement and voting as set out in the Plan's statement of investment principles ("SIP") has been followed during the year; and
- describe the voting behaviour undertaken on the shares the Plan held (including the most significant votes made on behalf of the Trustee) and any use of a proxy voter over the year.

A copy of this implementation statement will be included in the Trustee's annual report and accounts for the year to 31 December 2023 and made available on this website: <https://epa.towerswatson.com/accounts/BEL/public/plan-information/>.

Review of the SIP and changes made during the Plan year

The SIP is a document which outlines the Trustee policies with respect to various aspects related to investing and managing the Plan's assets including but not limited to investment managers, portfolio construction and risks. The latest version of the SIP can be found on the website linked above. This implementation statement reflects the Plan year from 1 January 2023 to 31 December 2023. The SIP linked above is the latest version, dated September 2020. No changes were made to the SIP during the Plan year.

How the Trustee has adhered to its voting and engagement policy

As set out in the SIP, the Trustee delegates primary responsibility for corporate engagement activities to the Plan's sole investment manager, Legal & General Investment Management ("LGIM"). LGIM is signed up to the UK FRC Stewardship Code and the Trustee, via its investment consultant, monitors LGIM's adherence to that code. LGIM has been provided with a copy of the current SIP. The Trustee also regularly reviews LGIM's performance against the long-term target the Plan has set as part of quarterly investment reporting.

Voting information

The assets of the Plan are all held in three different pooled funds – a corporate bond fund, an index-linked gilt fund and a diversified fund. The Trustee's focus for voting rights within this implementation statement is on the diversified fund as the other two funds do not carry voting rights.

The Plan's equity holdings as at the end of the year are held in pooled investment funds (in the diversified fund). Therefore, the voting entitlements in these funds lie with LGIM as the investment manager.

The Trustee's view is that environmental, social and governance ("ESG") factors can have an impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors into the Plan's investment strategy is in the best long-term financial interests of its members. Members' views have not been explicitly sought on this at the current point in time.

As set out in the SIP, the Trustee's policy is to delegate the exercising of rights (including voting and stewardship) and the integration of ESG considerations in day-to-day decisions to LGIM. This section sets out the voting activities of LGIM over the year, including details of LGIM's use of proxy voting.

The Trustee receives regular updates on LGIM's performance that are discussed at each Trustee meeting. The Trustee also receives periodic updates when there are any changes to the investment consultant's ratings of LGIM.

LGIM has a set of voting policies that drive the voting decisions, as well as policy documents in relation to corporate governance and responsible investment and conflicts of interest. These policies and documents are reviewed by LGIM annually and take into account client feedback. LGIM 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. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. LGIM's investment stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which LGIM believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with voting policies by service providers. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Summary of voting over the year to 31 December 2023

The Trustee believes LGIM have a strong engagement process. A summary of the voting on behalf of the Plan over the year to 31 December 2023 is provided in the table below:

Number of meetings eligible to vote	9,077
Number of votes eligible	94,290
% of votes exercised (of those eligible to vote)	99.82%
% of votes with management (of those eligible to vote)	76.36%
% of votes against management (of those eligible to vote)	23.36%
% abstained (of those eligible to vote)	0.28%
% of meetings (of those where at least one vote was cast) where the vote was against management at least once	75.40%
% of resolutions (on which a vote was cast) where the vote was contrary to the recommendation of the proxy adviser	14.62%

Significant votes

LGIM determined 2,279 votes over the year to be "most significant". A summary of the key themes of the resolutions that were classed as votes of most significance are in the table overleaf.

Vote theme	Number of most significant votes	Percentage of most significant votes (%)
Diversity	1,228	53.9
Board leadership	645	28.3
Climate	264	11.6
Nature	66	2.9
Investor rights	72	3.1
Health	2	0.1
Other	2	0.1

Some selected significant votes the Trustee selected based on the themes important to the Trustee, the level of support for the resolution and the size of the underlying holdings are:

Company: Toyota Motor Corp.

Meeting date: 14 June 2023

Resolution: Amend articles to report on corporate climate lobbying aligned with Paris Agreement

How LGIM voted for the resolution: For (against management recommendation)

Outcome: Fail (15.1% of votes were for the resolution)

Why it was significant: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability. In addition, there is an expectation for companies to be transparent in their disclosures of their lobbying activities and internal review processes involved as well as alignment their lobbying with their own actions. Despite the Company making progress on climate disclosures in the recent past, LGIM voted against management to further increase accountability.

Company: Shell Plc

Meeting date: 23 May 2023

Resolution: Company's board requesting approval of its energy transition progress report

How LGIM voted for the resolution: Against (against management recommendation)

Outcome: Pass (80% votes supported the resolution)

Why it was significant: LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both are key areas to demonstrate alignment with the 1.5C trajectory. LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan and the Trustee shares this view.

Company: NIKE, Inc.

Meeting date: 12 September 2023

Resolution: Report on median gender/racial pay gap

How LGIM voted for the resolution: For (against management)

Outcome: Fail (30% votes were for the resolution)

Why it was significant: LGIM views gender diversity as a financially material issue, with implications for the assets managed and the vote aims to apply pressure to the Company to disclose more meaningful information on its gender pay gap. The Trustee agrees with this view.

Company: Morgan Stanley

Meeting date: 19 May 2023

Resolution: Adopt time-bound policy to phase out underwriting and lending for new fossil fuel development

How LGIM voted for the resolution: For (against management)

Outcome: Fail (4.8% votes supported the resolution)

Why it was significant: LGIM considers this vote to be significant as LGIM continues to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met given the role financial services play and the Trustee agrees with this view.

Company: Fujitec Co., Ltd

Meeting date: 24 February 2023

Resolution: Removal of six directors

How LGIM voted for the resolution: For (against management)

Outcome: Investors voted to replace three incumbent directors with four new independent directors to enhance diversity, independence and reduce undue levels of family influence.

Why it was significant: Successful shareholder activism of this kind is rare in Japan.

In the Trustee's opinion, the SIP has been followed during the year to 31 December 2023 in relation to voting and engagement policy.

The Trustee of the Belden (UK) Pension Plan

June 2024

June 2024