Implementation Statement

Munro & Miller Fittings Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the Munro & Miller Fittings Limited Retirement Benefits Scheme ("the Scheme") to set out the following information over the 18 months to 30 September 2024:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the period.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the period, including information regarding the most significant votes; and

The voting behaviour is not given over the accounting year end to 5 October 2024 because investment managers only report on this data quarterly, we have therefore given the information over the 18 months to 30 September 2024.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 30 September 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in May 2024 and has been made available online here:
https://www.dalriadatrustees.co.uk/scheme/munro-miller-fittings-ltd-retirement-benefits-scheme/

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will consider the extent that they wish to do so in due course, in line with other Scheme risks.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes 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.
- The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at implementation, and was satisfied that their policies were reasonable and no remedial action was required at that time.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

Prepared by the Trustee of the Munro & Miller Fittings Limited Retirement Benefits Scheme
April 2025

Voting Data

This section provides a summary of the voting activity undertaken by Legal and General Investment Management on behalf of the Trustee over the 18 months to 30 September 2024. All of the Scheme's investments with LGIM have no voting rights and therefore no data is included in this or the following section. The Scheme's investments in the All-Stocks Gilts Index, All Stocks Index-Linked Gilts, Over 15y Gilts Index and Sterling Liquidity Fund with LGIM also have limited ability to engage with key stakeholders given the nature of the mandate.

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 consider the extent that they wish to do this in due course, in line with other Scheme risks.

Given the Scheme does not hold assets that have voting rights, no significant votes data has been provided.

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 18-month period for the relevant funds.

As noted above, engagement activities are limited for the Scheme's investments in the All-Stocks Gilts Index, All Stocks Index-Linked Gilts, Over 15y Gilts Index and Sterling Liquidity Fund with LGIM due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

Manager	LGIM
Fund name	Buy and Maintain Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund over the 18-month period	413
Number of entities engaged on behalf of the holdings in this fund over the 18-month period	240
Number of engagements undertaken at a firm level over the 18-month period	5,663

Examples of engagement activity undertaken over the year to 31 March 2023

LGIM

Nucor Corp

Under their Climate Impact Pledge, LGIM select c. 100 "dial-mover" companies for in-depth engagement, using their qualitative framework set out in their sector-specific guides. Nucor, one of LGIM's "dial-mover" companies, announced a net-zero emissions commitment with interim targets and a published decarbonisation plan. Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure.

LGIM see this as a significant step; while they recognise that corporate decisions are the product of a range of factors, their engagements under the Climate Impact Pledge had included discussions around commitments to net-zero operational emissions. At the 2023 AGM, LGIM had voted against the Chair of the company for failing to provide a net-zero commitment. So the announcement of the company's commitment, interim targets and plan are pleasing.

This is not the first time LGIM have seen a commitment from the company after voting against its Chair; in 2021, LGIM voted against the Chair for a lack of emissions reductions targets and the subsequent year, the company set them.

LGIM will continue to engage with the company in relation to their Climate Impact Pledge in the future.

APA

APA is Australia's largest energy infrastructure business. Under LGIM's Climate Impact Pledge, they have been engaging with the company directly since 2022 on a number of issues.

In early 2022, LGIM set out their expectations for management-proposed "Say on Climate" votes and the criteria they would consider in assessing whether to support them. LGIM publicly called on companies to propose a "Say on Climate" vote, allowing shareholders to cast their verdict on the climate-transition plans proposed by management.

LGIM expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 degrees celcius. As a consequence, when APA brought its climate transition plan to a vote, LGIM were unable to support it; although the plan presented goals for the medium and long-term on a path to achieving net zero emission by 2050, certain targets were absent from this (including those on Scope 3 emissions). The company had noted that these would be finalized no later than 2025.

LGIM initiated engagement with the company after this vote and met with them in 2023 as part of their Climate Impact Pledge and they have continued to build the relationship, setting out their expectations as per their net zero guide, working with the company to understand the hurdles it faces and the challenges to meeting expectations.

At their meeting with APA in early 2024, the company confirmed it would include a Scope 3 goal in their 2025 refresh of their climate transition plan and they outlined their proposed Scope 3 reduction pathway. APA noted that the feedback from their investors, including LGIM, who voted against their proposed plan in 2022, solidified their decision to commit to a Scope 3 target.

LGIM will continue to engage with the company on their decarbonisation pathway and journey to net zero and believe this demonstrates the effect of engagement on company decisions.