

Wall Colmonoy Limited Retirement Benefits Scheme

Trustee's Report and Financial Statements

Year Ended 30 June 2024

14. Appendix - Implementation Statement



Implementation Statement

Wall Colmonoy Limited Retirement Benefit Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the **Wall Colmonoy Limited Retirement Benefit Scheme ("the Scheme")** to set out the following information over the year to **30 June 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

The Trustee's Statement of Investment Principles (SIP) in force at December 2022 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It has been made available [online here](#).

At this time, the Trustee has decided not to set stewardship priorities for the Scheme but may consider doing so in due course.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's fund 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.
- Annually, the Trustee receives and reviews voting information and engagement policies from the Scheme's asset manager, which is reviewed to ensure alignment with the Trustee's stewardship policies. The Trustee believes that the voting and engagement activities undertaken by the asset manager on their behalf have been in the members' best interests. This exercise was undertaken in the production and review of this statement.

Prepared by the Trustee of the Wall Colmonoy Limited Retirement Benefit Scheme

August 2024

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Voting data

This section provides a summary of the voting activity undertaken by the investment manager within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 30 June 2024.

Manager	abrdn	
Fund name	Diversified Growth Fund	Global Equity 50:50 Tracker Pension Fund
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	604	845
No. of eligible votes	8,512	11,322
% of resolutions voted	97.9%	97.7%
% of resolutions abstained	0.3%	0.7%
% of resolutions voted with management ¹	87.1%	82.6%
% of resolutions voted against management ¹	12.6%	16.8%
Proxy voting advisor employed*	ISS	ISS
% of resolutions voted against proxy voter recommendation	9.9%	13.0%

*abrdn use Institutional Shareholder Services (ISS) for proxy advisory services. Recommendations from ISS are one of a number of inputs used in their vote analysis process.

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

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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. At this time, the Trustee has decided not to set stewardship priorities for the Scheme. So, for this Implementation Statement, the Trustee has asked the investment manager to determine what it believes to be a significant vote. The Trustee has not communicated voting preferences to the investment manager over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee may consider the most significant votes in conjunction with any agreed stewardship priorities, if set. abrdn have provided a selection of 10 votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund.

abrdn, Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Salesforce, Inc.	Mitsubishi UFJ Financial Group, Inc.	Mastercard Incorporated
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		abrdn did not provide any data	
Summary of the resolution	Report on viewpoint discrimination	Amend articles to add provision on director competencies to manage climate-related business risks and opportunities	Report on lobbying payments and policy
How the manager voted	Against	For	For
Rationale for the voting decision	abrdn believe that the company's existing disclosures on policies and practices aimed at protecting human rights are sufficient and that this proposal was unlikely to add value to shareholders.	abrdn are supportive of the disclosure the company has taken to indicate the areas considered when selecting directors. They believe it would be beneficial if the company also disclosed if climate related knowledge was considered, as this is in area impacting across both the bank and its clients. Abrdn believe that such skills should not be a prerequisite for directors' appointment and there should not be a reliance on one director for any specific area of expertise.	abrdn are supportive of the steps the company has taken to oversee its approach to lobbying, including the work of its Political Action Committee. abrdn believe the company could bolster this work by disclosing further information on the trade associations it is linked with and how it ensures these groups are aligned with the company's strategy.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome		abrdn did not provide any data	
Criteria on which the vote is considered "significant"	This was considered to be what abrdn classify as a 'Shareholder and Environmental & Social Resolutions' vote and focused on an areas in which they have	This was considered to be what abrdn classify as a 'Shareholder and Environmental & Social Resolutions' vote where abrdn	This was considered to be what abrdn classify as a 'Shareholder and Environmental & Social Resolutions' vote where abrdn

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	Vote 1	Vote 2	Vote 3
	engaged with the proponent on the resolution.	have voted contrary to management.	have voted contrary to management.

abrdn, Global Equity 50:50 Tracker Pension Fund

	Vote 1	Vote 2	Vote 3
Company name	Delta Air Lines, Inc.	Prosus NV	The Kroger Co.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		abrdn did not provide any data	
Summary of the resolution	Adopt a policy requiring third party groups to report their political expenditures	Approve discharge of non-executive directors	Establish a company compensation policy of paying a living wage
How the manager voted	Against	Against	Against
Rationale for the voting decision	<p>Abdrn believes that the proponent highlights valid concerns regarding reputational risks associated with lobbying and political expenditures. However, the requested report would be unconventional and raises concerns as to the degree of control the company would have over what it publishes and the degree of control it would have over its trade association memberships. abrdn note that the company discloses its trade association memberships with annual dues of more than \$50k and sets out the internal approval required for such memberships.</p>	<p>abrdn are not satisfied with the Remuneration Committee's decision that the special incentive should be paid out in full. abrdn also have significant concerns that management have been generously rewarded and are no longer sufficiently aligned with further improvement. To escalate their views, and in the absence of a vote on Remuneration Committee members, abrdn consider a vote against the discharge of the non-executive directors to be appropriate.</p>	<p>abrdn understand the proponent's arguments for the potential economic and societal benefits of higher wages. However, the risks related to attracting and retaining employees are highlighted in the company's disclosures and initiatives have been put in place to address them. These include increases to average hourly rates of pay, employee development programmes and developing enhanced disclosure of diversity and gender pay gap data. As a result, they believe that the proposal is unnecessary.</p>
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome		abrdn did not provide any data	
Criteria on which the vote is considered "significant"	<p>This was considered to be what abrdn classify as a 'Shareholder and Environmental & Social Resolutions' vote and focused on an areas in which they have engaged with the proponent on the resolution.</p>	<p>This was considered to be what abrdn classify as a 'High Profile' vote and focused on an area which reflects significant governance concerns regarding the company.</p>	<p>This was considered to be what abrdn classify as a 'Shareholder and Environmental & Social Resolutions' vote and focused on an areas in which they have engaged with the proponent on the resolution.</p>

Fund level engagement

The investment manager may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by abrdn during the year at a firm wide level. abrdn only

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provide engagement information for complete calendar years and so the information shown is for the year to 31 December 2023.

Manager	abrln
Reporting Date	31/12/2023
Number of engagements undertaken at a firm level in the year	2,008

Examples of engagement activity undertaken over the year to 31 December 2023*

Manager	abrln
Engagement theme	Net Zero
Rationale for the engagement theme	<p>abrln are committed to supporting real-world decarbonisation, as outlined in their Net Zero Directed Investing (NZDI) strategy. abrln allocate capital to credible transition leaders and climate solutions and influence the firms they invest in through active engagement. abrln's goal is to help their clients achieve their climate goals, decarbonise, and move towards Net Zero. An important component of abrln's climate change approach is to invest in companies that have credible targets and plans to support the transition to Net Zero. Taking a forward-looking view on where abrln believe companies will be and how well they are preparing for the transition is key. By taking this approach abrln expect to reduce the carbon intensity of their assets by 50% by 2030 compared to a 2019 baseline.</p>
What has abrln done?	<p>abrln has identified their top 20 financed emitters across all their equity and credit holdings in July 2022. Once this list was identified, abrln began evaluating each emitter's current Net Zero approaches using their proprietary credibility framework that they have developed. This framework is designed to determine the likelihood of their Net Zero targets being met and outlines key strengths, weaknesses, and risks in their plans. To support this evaluation, abrln gather data from external providers such as Trucost, CA100+ and FTSE Russell. Additionally, abrln assess the companies' current disclosures and commitments related to Net Zero.</p> <p>After evaluating a company's approach against their framework, abrln initiate into a dedicated engagement program with them. abrln identify clear milestones based on their analysis of the company's current Net Zero approach and closely monitor the company's progress towards these milestones. If abrln do not see sufficient progress during the engagement program, they may deploy a number of escalation strategies. These include participating in extra collaborative engagements with the company via CA100+, taking voting action after one year and potentially divestment, if they have discretion to do so.</p> <p>In 2022, abrln engaged with 5 out of 20 of the top equity financed emitters. In 2023, abrln continued to engage with those companies identified and engaged with the 15 outstanding companies. These were: UltraTech Cement, RWE, BP, Holcim, Anhui Conch Cement, Enel SpA, Glencore, TotalEnergies SE, CRH, Hindalco Industries, ENGIE SA, CEMEX, S.A.B. de C.V., NTPC, The Siam Cement Public Company, LG Chem, Electricite de France.</p>

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What were the outcomes?

Over the course of this engagement program abrdn have found that most investee companies prefer emissions intensity-based targets over absolute emissions targets. This can potentially allow for the manipulation of progress without actual emission reductions. Investors should be aware that intensity-based targets can be misleading and, instead, should focus on absolute emissions targets to gauge a company's genuine progress in reducing emissions. abrdn's view is that they prefer absolute emissions reduction and will communicate this to the companies. However, they will not disregard carbon intensity emissions reduction in their analysis. abrdn are contacting companies to discuss the milestones set in 2023 and will review their progress towards these throughout 2024.

abrdn believe that their work is one of many contributing factors in driving strategic change.

*abrdn only produces yearly engagement reporting in December, therefore, data has been shown over the year to 31 December 2023.