

# The SJ Dixon & Sons (holdings) Limited Pension & Life Assurance Scheme – Implementation Statement for the year ended 31 December 2024

## 1. Purpose

This Implementation Statement has been prepared by the Trustees of The SJ Dixon & Sons (holdings) Limited Pension & Life Assurance Scheme (the “Scheme”). It reports on how, and the extent to which, the policies as set out in the Scheme’s Statement of Investment Principles (“SIP”) have been complied with during the year ended 31 December 2024.

In preparing this statement, voting and stewardship policies, conflicts of interest and engagement have been reviewed. This review has been conducted by the Scheme’s investment adviser and the Trustees have reviewed and approved the conclusions within this statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme’s investments. The statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## 2. Background

This statement has been prepared by the Trustees, with the assistance of its Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Scheme year end.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees, or the Investment Adviser on the Trustees’ behalf.

## 3. Executive summary

Over the Scheme year:

- In October 2024, the Trustees re-structured the Scheme’s investments to be more closely aligned with the targeted buy-in position.
- The Trustees’ Investment Adviser reviewed the stewardship and engagement activity of all of the funds held at the end of the Scheme year. The Trustees are satisfied with their Investment Adviser’s conclusion that the Scheme’s investment managers have appropriately carried out their stewardship duties.

- The Trustees have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

Funds that do not hold equities do not have voting rights. However, the general stewardship practices of the managers/funds that do not hold equities have been reviewed to ensure that they actively engage with their investments.

## 4. Investment Manager's voting and stewardship policies and activity

### Trustees' voting and stewardship policies

The Trustee acknowledges the constraints it faces in terms of influencing change due to the size and nature of the Fund's investments. It does, however, acknowledge the need to be responsible stewards and exercise the rights associated with its investments in a responsible manner.

The Trustee considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustee has provided the appointed investment manager with full discretion concerning the stewardship of their investments. Representatives of the incumbent investment manager may be asked to attend Trustee's meetings, at a frequency determined by the Trustee, in order to present on various matters including their stewardship policies. The Trustee will continue to ensure that the stewardship policies of the Fund's investment manager are embedded in their investment processes.

The Trustees do not have any stewardship priorities in place.

The Trustees have reported on the funds that were held at the year-end date. As the Scheme does not hold any direct equity securities, the voting activity in respect to the Fund's invested funds was not reviewed. However, the general stewardship policies of the above funds and the funds listed below have also been reviewed by Quantum Advisory on behalf of the Trustees:

- LGIM Active Corporate Bond Over 10 Year Fund
- LGIM Single Stock Gilt Funds
- LGIM Single Stock Index-Linked Gilt Funds
- LGIM Single Stock Green Gilt Funds
- LGIM Cash Fund

LGIM's voting policies and procedures are outlined in Appendix 1 of this report.

### Manager's voting and stewardship policies and procedures

Details of the manager's voting and stewardship policies can be found in Appendix 1. In this statement, Quantum Advisory has noted the investment manager's stewardship policies and the extent to which the investment manager makes use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment manager are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of the investment manager are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustees have approved these conclusions.

## 5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed. These conflicts are not specific to the scheme and relate to the general conflicts of interest within the investment managers.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

### LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. In place of providing a direct response, LGIM referred the Trustees to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here: [https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/lgim-conflicts-of-interest.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-conflicts-of-interest.pdf)

## Appendix 1 – Investment manager stewardship policies and procedures

### LGIM

LGIM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported. Although LGIM tend to focus on equity stewardship, LGIM also extends its ESG analysis and engagement policies to its active fixed income investments. LGIM aims to incorporate ESG considerations to assess ESG risks from a financial perspective and LGIM also engages with issuer companies through its global engagement groups. Please note, however, this approach does not extend to the Scheme's UK Government Bond holdings as these are invested passively. Quantum believes this is reasonable given their underlying investments. For Equity holdings, LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM's Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

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 strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.