

## **Annual Implementation Statement – for scheme year ending 5 April 2024**

### **Valspar UK Pension Plan**

#### **Introduction**

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Valspar UK Pension Plan (the “Plan”) covering the scheme year to 5 April 2024.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the engagement policy under the Plan's Statement of Investment Principles (“SIP”) has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website <https://www.valsparpaint.co.uk/valspar-uk-pension-plan/>.

This statement does not cover the Plan's Additional Voluntary Contribution (AVC) investments.

#### **Trustees' voting and engagement policy**

The Trustees have delegated all day-to-day investment decisions to the Plan's sole investment manager – Legal & General Investment Management (“Legal & General”). The Plan's assets are entirely passively managed and invested in Legal & General pooled arrangements.

Due to the passive nature of the Plan's investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Plan's investment manager is signed up to the UK FRC Stewardship Code. The Trustees encourage Legal & General to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustees will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustees receive regular updates from the investment consultant on the investment manager's performance and whether there have been any changes to the investment manager's research ratings. This is discussed at Trustees' meetings together with whether the manager is performing in line with the Plan's objectives.

In addition, the Trustees review Legal & General's annual Active Ownership report and quarterly Environmental, Social and Governance (ESG) Impact reports, the latest being for 2023 and Q1 2024, respectively. Over the year, Legal & General focused on the following key themes: policy, advocacy and collaboration; environment; diversity. The Trustees are satisfied that the manager is engaging with investee companies in a manner aligned with the Plan's long-term investment objectives.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

#### **Summary of voting over the year**

The Plan's equity investments are managed by Legal & General via pooled funds, all on an index-tracking basis. Given the indexed nature of the mandates, Legal & General are limited by the equities they must hold in the portfolio, but the Trustees believe they have a strong engagement process.

A summary of the voting on behalf of the Plan is provided in the table below. As the voting data as at 5 April 2024 is not available, the data provided below is as at 31 March 2024.

Fund	Number of votes eligible to cast	% of votes exercised	% of votes with management	% of votes against management	% abstained
Legal & General UK Equity Fund	10,462	99.8%	94.4%	5.6%	0.0%
Legal & General World (ex-UK) Equity Fund	34,635	99.9%	80.0%	21.9%	0.1%

Totals may not sum due to rounding.

As a hedged Share Class of the Legal & General World (ex-UK) Equity Fund, voting for the Legal & General World (ex-UK) Equity Fund GBP Hedged fund was as described above.

Voting information on the Plan's bond funds is not provided as the vast majority of loan and debt securities do not come with voting rights.

#### Significant votes

The table below demonstrates the most significant votes cast on behalf of the Plan over the year to 31 March 2024. The significant votes chosen are those for the companies who make up the largest holdings within each equity fund:

Fund	Significant votes cast
Legal & General UK Equity Fund	<p><b>Company: Glencore Plc</b> Size of holding: 2.4%</p> <p><b>Management resolution: Resolution 19: Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan"</b></p> <p><b>How the manager voted:</b> For (Against Management Recommendation).</p> <p><b>Rationale for the voting decision:</b></p> <p>In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, Legal &amp; General has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following our multi-year discussions with the company since 2016 on its approach to the energy transition.</p> <p><b>Outcome:</b> FAILED. 29% of shareholders supported the resolution.</p>
Legal & General World (ex-UK) Equity Fund	<p><b>Company: Amazon.com, Inc.</b></p> <p><b>Size of holding: 1.7%</b></p> <p><b>Management resolution: Report on Median and Adjusted Gender/Racial Pay Gaps</b></p> <p><b>How the manager voted:</b> For (Against Management Recommendation).</p>

	<p><b>Rationale for the voting decision:</b></p> <p>Legal &amp; General 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 we 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.</p> <p><b>Outcome:</b> FAILED. 29% of shareholders supported the resolution.</p>
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As a hedged Share Class of the Legal & General World (ex-UK) Equity Fund, voting over the year and significant votes for the Legal & General World (ex-UK) Equity Fund GBP Hedged fund was as described above.

This statement was agreed by the Trustees at their meeting on 16 October 2024.

Signed on behalf of the Trustees of the Valspar UK Pension Plan.



Jeff Miklich

Trustee

Date: 17 October 2024