Limagrain UK Pension Scheme

Implementation Statement

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Limagrain UK Pension Scheme ("the Scheme")** to set out the following information over the year to **30 June 2023**:

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

The data shown is not given over the Scheme year end to 31 July 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 30 June 2023.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe 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 investment managers.
- At the Scheme year-end, the Scheme's investment managers were Baillie Gifford, LGIM and Partners Group. The Trustees meet three times a year to discuss performance of the funds and update on important issues (and arrange additional meetings where appropriate).
- Baillie Gifford and Legal & General Investment Management ("LGIM") have both confirmed that they are signatories to both the Financial Reporting Council's UK Stewardship Code 2012 and UK Stewardship Code 2020. Partners Group have chosen not to commit to the Code at this time as they believe it is less relevant to the types of assets they invest in and given their largely global approach.
- With input from their investment consultant, the Trustees annually receive and review (through their Implementation Statement) the voting information and engagement policies of their investment managers to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented below, the Trustees are comfortable the actions of the investment managers are in alignment with the Scheme's stewardship policies.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2021 (although is currently in the process of being updated to reflect the recent investment strategy changes) and has been made available online here: https://lgseeds.co.uk/legal/

There have been no changes to the Trustees' stewardship policy over the year to 30 June 2023. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

The Trustees decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. Whilst around 45% (i.e. £24.3m) of the Scheme assets were invested in assets with voting rights attached as at 30 June 2023, the Trustees have taken de-risking steps after the Scheme year end. As at 30 September 2023, this has reduced to around 33% (i.e. £17.2m) of the Scheme assets and in January 2024, further de-risking action is planned that will reduce this by another 7% (i.e. by a further £3.6m). Given improvements in the Scheme's funding position, reducing risk (and hence the allocations to assets with voting rights attached) is the likely direction of travel for the Scheme. The Trustees take stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually through their Implementation Statement.

Prepared by the Trustees of the Limagrain UK Pension Scheme
October 2023

Voting data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to **30 June 2023**.

Voting is not applicable to the Partners Group Multi-Asset Credit ("MAC") Funds and the Liability Driven Investment ("LDI") holdings with LGIM as these funds invest only in fixed income assets, which do not have voting rights. Therefore, no voting data for the Partners Group MAC Funds or LGIM LDI is presented for the purpose of this Implementation Statement.

The Baillie Gifford Diversified Growth Fund and Partners Group Partners Fund, which invest across a diverse range of asset classes, and the LGIM Global Equity 70:30 Index Fund are included below as the equity holdings of these funds carry voting rights.

Manager	Baillie Gifford	LGIM	Partners Group
Fund name	Baillie Gifford Diversified Growth Fund	LGIM Global Equity 70:30 Index Fund	Partners Group Partners Fund
Structure		Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
No. of eligible meetings	70	6,904	61
No. of eligible votes	764	70,780	877
% of resolutions voted	97.6%	99.9%	100.0%
% of resolutions abstained[1]	0.7%	0.6%	3.0%
% of resolutions voted with management[1]	96.8%	81.3%	92.0%
% of resolutions voted against management[1]	2.6%	18.1%	5.0%
Proxy voting advisor employed[2]	No	Yes – ISS's ProxyExchange	Yes – Glass Lewis
% of resolutions voted against proxy voter recommendation	n/a	10.4%	1.0%

Source: Legal & General Investment Management, Baillie Gifford and Partners Group

Totals may not sum due to rounding.

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

[2]Baillie Gifford do not delegate/ outsource any stewardship activities and all client voting decisions are made in-house in line with their policy. LGIM use a proxy adviser, ISS, which enables them to vote electronically but ultimately, all voting decisions are made by LGIM and based on LGIM's voting policies. Partners Group use Glass Lewis & Co, who have been instructed to vote in line with Partners Group's Proxy Voting Directive.

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 Trustees 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. The Trustees have not set stewardship priorities/ themes and therefore for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy.

Baillie Gifford, LGIM and **Partners Group** have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show 3 of these votes for each fund.

A summary of the significant votes provided to 30 June 2023 is set out below.

Baillie Gifford Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Duke Realty Corporation	Prysmian S.P.A	Consolidated Edison, Inc.
Date of vote	19 April 2023	4 May 2023	18 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.2%	1.2%	0.8%
Summary of the resolution	Remuneration	Remuneration	Appoint / Pay Auditors
How the manager voted	Against	Against	Against
Rationale for the voting decision	Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. Baillie Gifford believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business. They are not convinced that this use of discretion meets that bar.	Baillie Gifford opposed executive compensation because they do not believe the performance conditions for the long-term incentive plan are sufficiently stretching.	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. It is their belief that best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	Pass	Fail	Pass
Implications of the outcome	Baillie Gifford supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years to maintain independence. Last year they informed the company of their expectation and abstained on the election of the auditors. This year Baillie Gifford decided to oppose the auditor and will continue to share their expectations with the company.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed the election of auditors.

LGIM Global Equity 70:30 Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Amazon.com, Inc.	Alphabet Inc.
Date of vote	23 May 2023	24 May 2023	2 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.9%	0.5%	0.4%
Summary of the resolution	Approve the Shell Energy Transition Progress	Report on Median and Adjusted Gender/Racial Pay Gaps	Approve Recapitalization Plan for all Stock to Have One-vote per Share
How the manager voted	Against	For	For
Rationale for the voting decision	LGIM acknowledge 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, they remain concerned by the lack of disclosure surrounding future oil and gas	LGIM voted in favour as it 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.	A vote in favour was applied as LGIM expects companies to apply a one-share-one-vote standard.

	Vote 1	Vote 2	Vote 3
	production plans and targets associated with the upstream and downstream operations; both of these LGIM believe are key areas to demonstrate alignment with the 1.5C trajectory.	Board diversity is an engagement and voting issue, as LGIM 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.	
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
Criteria on which the vote is considered "significant"	LGIM is publicly supportive of so called "Say on Climate" votes. They expect 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.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf.	LGIM consider this shareholder resolution to be significant due to the relatively high level of support received.

Partners Group Partners Fund

	Vote 1	Vote 2	Vote 3
Company name	Confluent Health	Rovensa	Techem
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		n/a	
Summary of the resolution	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.		
How the manager voted		Control of board	
Rationale for the voting decision	Confluent has an environmental impact assessment underway and has also engaged a	After two years of ownership, Rovensa is making progress to become the leading bio-solutions	Following the publication of Techem's first Sustainability Report last year, the company

	Vote 1	Vote 2	Vote 3
	third-party consultant to determine its greenhouse gas footprint. Meanwhile, Confluent has established a Diversity, Equity & Inclusion council, which is currently creating goals and roadmaps with a target to complete by the end of the third quarter of 2022. Thereafter, ownership of each initiative will be identified.	company. Meanwhile, the company published its second Sustainability Report in April 2022, which summarizes the achievements made worldwide in 2021.	published in July 2022, its second Corporate Sustainability Report, covering the entire Techem Group. The report highlights key ESG achievements, with a clear focus on achieving climate neutrality by 2045 and the Diversity & Inclusion roadmap. The company has established the Techem Research Institute on Sustainability (TRIOS). The team is headed by Arne Kähler (former Head of R&D) who will drive the company's ESG agenda.
Outcome of vote		Not applicable	
Implications of the outcome	Confluent has also expanded its stakeholder benefits program. For instance, in 2022, the company launched stock options for all physical therapists and made significant investments in benefits, including reduced Eligible Employee premiums and increased communication around its wellness programs.	Health and Safety ("H&S") remains a top priority for Rovensa, as illustrated by the roll out of its 'STAR Program' across all manufacturing plants globally to achieve a zero-harm culture adoption worldwide. The board and management are aligned on the importance of H&S and have been working with the H&S team on the STAR Program to reduce the company's lost time injury frequency rate (LTIFR). In 2022, Rovensa has reduced its LTIFR by around 40% compared to the prior-year period.	Elsewhere, Techem contributes to a climate-neutral building stock through its business activities. The focus is on efficient and smart building technology, which effectively reduces energy consumption and CO2 emissions for heat and hot water by involving both owners and tenants. For instance, across Europe, the team has set a goal of having more than 10,000 charging stations in service and operating with green electricity by 2025. To reduce environmental impact, Techem has introduced a series of initiatives: development of sustainable product design, use of recycling materials and the same types of plastic. Techem's decarbonisation plan aims to reduce CO2 emissions by 42% by 2030 and achieve a long-term reduction of 90% by 2045. The decarbonisation plan is based on Techem's carbon footprint according to the GHG protocol.
Criteria on which the vote is considered "significant"		Size of holding in the fund	

Engagement data

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year to 30 June 2023 for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. The two main components of LDI are gilts and derivatives (including swaps). Given that the UK government has no human rights violations and has shown a willingness to engage on climate change issues, engagement is not a major concern when investing in gilts.

Derivatives are contracts which the scheme or LDI pooled fund will trade with banks and ESG factors can be applied to banks. However, choosing which bank to trade derivatives with is a distinctly different decision to deciding which bank to buy shares in, whereby ESG factors would be an important consideration. This is because the derivatives that the pension scheme or LDI fund holds are collateralised and/or centrally cleared which reduces the risk that if a bank defaults, there is an adverse effect on the scheme or LDI fund. Engagement therefore has a largely limited impact on the holdings.

Manager	Baillie Gifford*	LGIM	Partners Group	Partners Group
Fund name	Baillie Gifford Diversified Growth Fund	LGIM Global Equity 70:30 Index Fund	Partners Group Multi Asset Credit IV / VI Funds	Partners Group Partners Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	37	869	7 / 3	Data not available given nature of private markets investments
Number of entities engaged on behalf of the holdings in this fund in the year	30	418	7 / 3	Data not available given nature of private markets investments
Number of engagements undertaken at a firm level in the year	1,255	1,133	Not available	Not available
Examples of engagement undertaken	See below	Top five engagement topics: Climate Impact Pledge, Remuneration, Board composition, Strategy and Diversity	See below	Not available

Source: Legal & General Investment Management, Baillie Gifford and Partners Group

*Engagement data for Baillie Gifford provided to 31 December 2022.

LGIM Global Equity 70:30 Index Fund

Glencore

In 2022, LGIM pledged to increase pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. In light of their ongoing concerns at Glencore, they are putting this commitment into effect by co-filing a shareholder resolution at Glencore's 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C.

As one of the world's largest diversified mining companies, with strong exposure to metals needed to decarbonise the global economy, LGIM believe Glencore has a key role to play in the energy transition. LGIM has been engaging with the company for a number of years under their Climate Impact Pledge, and this escalation reflects their unabated concerns about the company's trajectory to net zero. Filing a resolution puts pressure on companies and encourages them to discuss and resolve issues with asset managers, such as LGIM. Where they have filed or collaborated on select proposals in this way in the past, they have found it to have been an effective means of escalation – both at the individual company level and for market-wide change more broadly.

Baillie Gifford Diversified Growth Fund

MP Materials Corporation

MP Materials Corporation engages in the ownership and operation of integrated rare earth mining and processing facilities - the company delivers approximately 15% of the global rare earth supply with a long-term focus on Neodymium-Praseodymium, a crucial input to the green energy revolution. Miners can prove divisive on sustainability grounds but given MP Materials role in the transition to a greener future, Baillie Gifford continually engage to ensure the company is doing all it can to aid that transition.

Baillie Gifford arranged the engagement to find out more about the company's approach to sustainability as there is very little public environmental and social disclosure with no disclosed commitments to improve.

This meeting was attended by one of Baillie Gifford's lead Fund Managers and ESG personnel. Given the materiality of certain environmental and social issues to the industry, Baillie Gifford were pleased to learn that the company is currently working on its inaugural sustainability report, supported by an external consultant, and following a sustainability consultation with some of the company's key stakeholders. Although early in its sustainability journey, Baillie Gifford were left with the impression that there is a willingness for the company to learn, to improve existing sustainability credentials and use this as a means by which to extend competitive advantage.

Following this engagement, Baillie Gifford updated their proprietary ESG materiality assessment of the company and identified a number of ESG milestones to monitor, which included the timely publication of a credible sustainability report. Baillie Gifford were encouraged by their commitment to disclosure and transparency.

The company has since published the sustainability report and Baillie Gifford were in further contact to encourage them to include greater disclosure on their monitoring of scope 3 emissions, and to make explicit any ambitions for future emission reduction targets.

Partners Group Multi Asset Credit IV Fund

Prometric

Partners Group engaged with the company management to receive an update on trading levels after this reduced during COVID-19. As of March 2023, Prometric has largely returned to pre-pandemic test volumes and the backlog has normalised as a reduction in volumes has been offset by new sales this quarter. The momentum in new sales wins has continued due to the company's revamped sales force.

Partners Group Multi Asset Credit VI Fund

General Life

Partners Group engaged with the company on the refinancing of the capital structure of the company.

Partners Group supports General Life's expansion with a new credit facility. The original debt exposure was fully repaid, and the new exposure is now with the expanded business.