

Implementation Statement

Seventh-day Adventist Retirement Plan

Purpose of this statement

This implementation statement has been produced by the Trustees of the Seventh-Day Adventist Retirement Plan ("the Plan") to set out the following information over the year to 31 March 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 voting behaviour is not given over the Scheme year end to 5 April 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2023.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in June 2022 and has been made available online here: [Statement of Investment Principles \(adventist.uk\)](#). Since June 2022, the Trustees have reviewed the investment strategy of the Plan in March 2023. The SIP will be updated to reflect the new strategy in due course.

As at 5 April 2023, the Trustees had not set stewardship priorities / themes for the Plan but were considering the extent that they wished to do so, in line with other Plan risks.

Following the accounting year end, at the 21 June 2023 Trustee Meeting, the Trustees set stewardship priorities. Given the Plan solely invests through pooled investment vehicles where the Plan's assets only represent a small proportion of the capital invested in the funds, the Trustees only considered the stewardship priorities of the fund manager – Legal & General, and selected their stewardship themes as the stewardship priorities of the Plan. The stewardship priorities include diversity, climate change, income inequality, and health, etc.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Plan's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- Annually, the Trustees receive and review voting information and engagement policies from the asset manager.
- LGIM attended one of the Trustee meetings over the year and included a discussion on ESG as part of their presentation.

Prepared by the Trustees of the Seventh-day Adventist Retirement Plan

June 2023

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's Growth Portfolio on behalf of the Trustees over the year to 31 March 2023. The gilts, buy and maintain and property funds with Legal and General Investment Management (LGIM) have no voting rights given the nature of the mandate.

The Plan fully disinvested from the LGIM Ethical UK Equity Index Fund, the LGIM Ethical Global Equity Index Fund and the LGIM Global Equity Index Fund Currency Hedged in December 2022. As a result, the voting summary and the significant votes for these funds below covers the 12-month period to 31 December 2022 instead.

Manager	LGIM	
Fund name	Ethical UK Equity Index Fund	Ethical Global Equity Index Fund (Primary and Currency Hedged)
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	283	1,141
No. of eligible votes	4,566	16,528
% of resolutions voted	100.00%	99.7%
% of resolutions abstained ¹	0.00%	0.2%
% of resolutions voted with management¹	94.6%	82.0%
% of resolutions voted against management¹	5.4%	17.8%
Proxy voting advisor employed	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 they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.	
% of resolutions voted against proxy voter recommendation	4.3%	13.0%

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

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 Plan’s stewardship priorities / themes. As at the accounting year end, the Trustees have not set stewardship priorities / themes for the Plan, but will be considering the extent that they wish to do this in due course, in line with other Plan risks. So, 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. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection votes (26 for the Ethical UK Equity Index Fund and 214 for the Ethical Global Equity Index Fund) which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Plan. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM, Ethical UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Rio Tinto Plc	Spirax-Sarco Engineering Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	9.3%	3.7%	0.5%
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 17 - Approve Climate Action Plan	Resolution 6 - Re-elect Jamie Pike as Director
How the manager voted	Against	Against	Against
Rationale for the voting decision	LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	Diversity: A vote against is applied as the company has an all-male Executive Committee.
Outcome of the vote	80% voted against	84% voted against	87% of voted against

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM, Ethical Global Equity Index Fund (Primary and Currency Hedged)

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Alphabet Inc.	Visa Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.0%	2.0%	0.9%
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 1d - Elect Director Alfred F, Kelly, Jr
How the manager voted	For	For	Against
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.
Outcome of the vote	54% voted for	18% voted for	96% voted for
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Fund level engagement

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 the manager during the year for the relevant funds.

Engagement activities are limited for the Plan's gilt and index-linked gilt funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Legal and General Investment Management			
Fund name	Ethical UK Equity Index Fund	Ethical Global Equity Index Fund (Primary and Currency Hedged)	LPI Income Property Fund	Future World Net Zero Buy and Maintain Fund
Number of entities engaged on behalf of the holdings in this fund in the year	92	246	*	66
Number entities engaged on behalf of the holdings at a firm level in the year	585**	585**	950	950

*LGIM were unable to provide this information at the time of asking.

**The engagement data for the funds disinvested over the year are given for the 12 months to the nearest quarter end in which the disinvestment took place. For the LGIM Ethical UK Equity Index Fund, the LGIM Ethical Global Equity Index Fund and the LGIM Global Equity Index Fund Currency Hedged Fund this is 31 December 2022.

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

LGIM

Engagement: Toyota

LGIM originally started their engagement with Toyota in September 2021, alongside fellow shareholders. Their second meeting was held earlier in 2022 to discuss climate change, board composition and capital allocation. They spoke with TMC's Chief Sustainability Officer. Throughout these meetings, which were attended by Toyota's investor relations team and chief sustainability officer, LGIM expressed their concerns around the company's cross shareholdings, the lack of supervisory function at the board level given the low level of independence, and the company's climate transition strategy and related public policy engagements.

In September 2022, LGIM spoke with one of the outside directors on the board and were able to have a candid conversation about how outside directors add value to the board and the quality of board discussions. Given the company's size and influence at Japan's largest business federation and in industry associations, they have always questioned the company's lobbying stance and its alignment with a 1.5°C world. LGIM are delighted to see improved transparency from the company as they published their views on climate public policy in December 2021. Nonetheless, they view corporate transparency to be the first step and hope that this will enable them to have more in-depth conversations on its views on climate and how the company plans to shift its strategy.