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IMLRBS Implementation Statement – Period Ending 31st December 2022

The trustees have discussed the requirements laid down within the scheme's Statement of Investment Principles, on their fiduciary managers and investment consultants. The outcome of these discussions is that we are happy that the identified goals for our external consultants are being attained.

The trustees can confirm that the latest version of the Statement of Investment Principles (SIP) is published on the IM Ltd website. The current SIP was reviewed, altered and agreed on 1st November 2022 in accordance with the pensions regulators guidance. No significant alterations were made, however, process detail was added, in order to comply with current legislation.

The trustees take their responsibility in actioning the SIP seriously. With regard to the voting being delegated to our investment managers, we have communicated that their votes should be in line with both the manager's 'house' policy and our scheme-specific requirements. The trustees have requested that if the investment manager believes that there is a conflict, this would be raised with us prior to any vote.

We have discussed with our managers obtaining information such as the number of opportunities the scheme had to vote, how many times the scheme voted and high level information on the voting approach (which can be seen below.)

Responsible Investing at Investec Wealth & Investments (IW&I) – IMLRBS Fiduciary Manager

Voting summary and governance structure

IW&I have provided the voting summary for direct equities and collectives for the time period covered. IW&I's research team will produce this every six months as a commitment to the Stewardship Code and Shareholder Rights Directive (SRD) II.

Governance structure

The following framework is important in demonstrating IW&I's dedication to responsible investing on behalf of IMLRBS and ensuring the appropriate oversight is in place.

The Equity Corporate Governance Forum (ECGF) and Collectives Corporate Governance Forum (CCGF) are in place to take on the day to day responsibility for overseeing corporate governance and responsible investing (ESG and voting) for their respective asset classes. They are also responsible for building reports required to meet the Stewardship Code and other commitments. The chairs of both forums will identify and escalate material and price sensitive issues to the Investment Corporate Governance Committee (ICGC). The forums will meet quarterly.

The ICGC has been formed to provide oversight to the ECGF and CCGF and will meet half yearly and on an ad-hoc basis. The committee will receive regular reports from the ECGF and CCGF and these will form the basis of a half yearly update and annual report to the Executive Committee.

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The above link gives detail of the policies and how IW&I as a firm engage with IMLRBS and integrate ESG within the portfolio.

Examples of how IW&I have managed the portfolio in line with the IMLRBS SIP are as follows. Stocks held directly within the IMLRBS fund have been highlighted.

Amazon

IW&I voted against management on ratification of executive officers' compensation and supported 9 shareholder proposals at the 2022 AGM, in line with ISS recommendations, as well as IW&I analysis. These proposals included but were not limited to the following:

- **Report on Retirement Plan Options Aligned with Company Climate Goals:** Given the significant size of the pension plan, the company has the ability (and we believe, the responsibility) to empower their employees to choose more sustainable retirement plan options. This was possible, but not accessible to the average Amazon employee. We did not see it as an overly onerous ask, given they are not requesting any exclusions / for assets to be moved into more sustainable funds; the request was just for a report into the options available and how they align to the company's climate goals There was also as employee letter suggesting that there would likely be a demand among the workforce, for pension plan options aligned to Amazon's climate goals.
- **Commission a Third Party Audit on Working Conditions:** Shareholders would benefit from increased disclosure through third-party auditing on warehouse working conditions. Decent conditions and management of human capital (including diversity and inclusion) is a factor that we believe is financially material to companies and so is something that we encourage companies to foster.
- **Report on Efforts to Reduce Plastic Use:** Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.

LVMH

IW&I voted against 10 management proposals at the 2022 AGM, in line with ISS recommendations, as well as IW&I analysis: These proposals included but were not limited to the following:

- **Approve Auditors' Special Report on Related-Party Transactions:** As was the case in 2021, LVMH failed to provide enough information with respect to the transaction with Agache (the former Groupe Arnault S.E.D.C.S), an important LVMH shareholder. It is therefore impossible for ISS to ascertain that the continuation of this agreement is in shareholders' interests. The Agache assistance agreement covers a wide range of high value-added services, mainly related to financial, legal, tax and administrative matters, provided by specialists. It provides for the sharing of skills as well as certain costs, thus potentially reducing expenses in the interests of both parties. Conversely, the LVMH group provides various administrative and operational services and leases real estate and movable property assets to Agache and some of its subsidiaries. The fees are set at €1.5m per year beginning of January 1, 2019. While we noted that the amounts were absolutely immaterial in the life of LVMH, we voted against this as we believe in transparency as a principle.
- **Approve Remuneration Policy of Chairman and CEO | Approve Remuneration Policy of Vice-CEO:** Votes AGAINST these remuneration policies were believed warranted by ISS because: The Company does not disclose targets or payout scales for the annual bonus; The nature of the LTIP criteria, the vesting scales and the performance period are not disclosed

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(It is impossible to ascertain whether future LTIP plans will be sufficiently LT oriented and the performance criteria challenging enough); Post-mandate vesting of LTI grant is not explicitly excluded; The derogation policy of the board is deemed too broad (Under this remuneration policy, the Board could modify all components of the remuneration in case of "exceptional circumstances"); and The cap on the exceptional remuneration is not disclosed (As directors to the board of LVMH, Bernard Arnault and Antonio Belloni could be granted an exceptional remuneration in case of specific assignment from the board).

Walt Disney

IW&I voted against management at the 2022 AGM, by supporting the 4 shareholder proposals below, in line with ISS' recommendations, as well as IW&I analysis. These proposals included but were not limited to the following:

- **Report on Human Rights Due Diligence:** A request that the company start to report on the process of due diligence that it undertakes in evaluating the human rights impacts of its business and associations with foreign entities, including foreign governments, their agencies and private sector intermediaries. This seems particularly to have been prompted by Xinjiang; in the film credits to Mulan, Disney offered 'special thanks' to eight Chinese government entities in Xinjiang, which is arguably at odds with successive US administrations' acknowledgement of state-backed genocide in the region. The company says it is committed to respecting human rights and has policies and practices to address the concerns raised, and engages in a thorough analysis of a number of complex considerations in making business decisions, including the selection of film locations. That seems to suggest either this one slipped through the net or it doesn't consider the issues in Xinjiang important enough.
- **Report on Gender/Racial Pay Gap:** A request that Disney report on median and adjusted pay gaps across race and gender, including various associated risks. This seems to be an increasingly common issue. Disney says it is committed to equitable pay and that its existing policies, practices and reporting are more appropriate than this proposal.

Proxy Voting Services

IW&I use proxy voting on behalf of the IMLRBS. IW&I use ISS's Proxy Voting Services, whose services can be viewed view the following link.

[Proxy Voting Services | ISS \(issgovernance.com\)](https://www.issgovernance.com)

ESG Monitoring – Statement from Investec

Our investment philosophy prioritises quality. We believe that our portfolios should consist of investments in high quality businesses (whether equity, debt or hybrid instruments).

We define high quality businesses as those that create economic value sustainably and are excellently managed. Since excellent management teams take all costs into account (both internal and external), and treat all stakeholders (shareholders, employees, suppliers, communities) economically fairly and with respect, high quality businesses, by this definition, will have good ESG performance when judged by fair relative metrics. They will be good to invest in, or, if suppliers of services, to invest with. Hence, our Investment Philosophy is fundamentally compatible with good Stewardship practice.

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When making investments in equities directly, our investment process incorporates valuation tools that explicitly allow for ESG factors to be considered. The concept of Economic Profit rather than conventional accounting profit is fundamental to our judgement. We subscribe to research providers whose work, along with our own, help us assess and rank investments based on ESG metrics

On a biannual basis, we screen all of our centrally researched equities from an ESG perspective. Any proposed additions to coverage are reviewed on an ad-hoc basis, as are any existing covered name that suffers a material notifiable event.

We use the services of Sustainalytics to provide a quantitative analysis of a company's ESG attributes. Informed by this data, we consider a company's ESG credentials both in absolute terms and within a sub industry context, excluding from research any that pose a significant risk of destroying value through inadequate management of their specific ESG risks.

Beyond screening out the worst performing names, we are able to appraise the overall ESG score of a direct equity portfolio (where those equities are centrally researched) against the overall score for the MSCI UK IMI Index. This reveals whether or not an equity-portfolio's overall ESG metrics are better or worse than our domestic index, and highlights those names which have the greatest deleterious impact on the overall score

Whilst bottom-up screening and scoring is a passive approach to ESG investing, we also use interaction with investee company management teams, (both the executive and nonexecutive) to engage on ESG matters.

Our ownership mentality dictates that we exercise our on-going Governance obligations as if we were owners of those businesses. We vote our discretionary shareholdings to protect our clients' interests, which, being assessed on the basis of economic profit, implicitly seek to ensure that all governance, social and environmental issues specific to our investee business activities are understood and well managed.

Overview of Sustainalytics' ESG Risk Ratings

Sustainalytics's ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. Sustainalytics identify five categories of ESG Risk severity that could impact a company's enterprise value.

Negligible	0-10
Low	10-20
Medium	20-30
High	30-40
Severe	40+

IMLRBS had an ESG Risk Score of 21.2 at the end of 2022, which is categorised as Medium Risk. This score remains below that of the MSCI UK Index (22.3).