

# Implementation Statement for the Kohler Mira Pension Plan

Covering 1 September 2023 to 31 August 2024

## 1. Background

The Trustee of the Kohler Mira Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the Plan’s Statement of Investment Principles (“SIP”) during the previous Plan year, in relation to engagement and voting behaviour, either by or on behalf of the Trustee, or if a proxy voter was used.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent DB SIP can be found:

<https://kohlermirapensionplan.pensions-directory.co.uk/>.

The Trustee adhered to the Statement of Investment Principles during the year by following the de-risking framework that was in place. The Plan outperformed expectations and hence de-risked to “Trigger 2” following funding level improvements. The dynamic de-risking framework has been suspended whilst ongoing discussions are being had on the end objective of the Plan.

The Statement of Investment Principles is currently being updated to reflect the latest position.

## 2. Voting and Engagement

The Trustee is keen that their managers are signatories to the UK Stewardship Code, which they are.

As well as physical equities – which have voting rights, the Plan also holds synthetic equity exposures (gained via derivatives) - which do not have voting rights.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will deepen their understanding of their existing managers’ policies.

The Plan was invested in the following funds at some point over the period:

- Insight Broad Opportunities Fund
- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund GBP Hedged
- LGIM MSCI ACWI Adaptive Capped ESG Index Fund
- LGIM MSCI ACWI Adaptive Capped ESG Index Fund GBP Hedged
- LGIM Sterling Liquidity Fund\*
- LGIM Synthetic Leveraged Equity Fund\*
- LGIM Synthetic Leveraged Equity Fund GBP Hedged\*
- CT Real Dynamic LDI Fund\*
- CT Nominal Dynamic LDI Fund

- BNY Mellon Global Dynamic Bond\*
- M&G Illiquid Credit Opportunities Fund VII
- TwentyFour Absolute Return Credit Fund
- CT LDI Credit-Linked Real DLDI

The underlined funds do not hold physical equities and hence there are no voting rights and voting data for the Trustee to report on.

\*These funds were disinvested from during the year.

## **a. Description of Investment Manager's voting processes**

### **Insight**

Insight describes their voting process as follows:

"Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. In addition, please refer to our Proxy Voting Policy, which sets out in detail our approach to voting on resolutions: <https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/proxy-voting-policy-2024.pdf> "

## **Legal & General Investment Management (LGIM)**

LGIM describe their voting process as follows:

"LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's relevant 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. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and

that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' 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. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their 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 they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

They retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They 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.

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out their expectations, an analysis of any issues experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of LGIM's formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations".

## b. Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the tables below.

### Insight

	Summary Info
Manager name	Insight Investment
Fund name	Broad Opportunities fund
Approximate value of Trustee's assets	c.£3.7m as at 31 August 2024*
Number of equity holdings in the fund	11
Number of meetings eligible to vote	12
Number of resolutions eligible to vote	142
% of resolutions voted	100%
% of resolutions voted with management	100%
% of resolutions voted against management	0%
% of resolutions abstained	0%

\*Insight Broad Opportunity voting information available is dated at 30 September 2024, as the Asset Manager only issues a quarter information file.

### Legal & General Investment Management (LGIM)

	Summary Info
Manager name	Legal & General Investment Management
Fund name	LGIM Future World Global Equity Index Fund (Unhedged and GBP Hedged)
Approximate value of Trustee's assets	Unhedged: c.£5.0m as at 31 August 2024* GBP Hedged: c.£5.2m as at 31 August 2024*
Number of equity holdings in the fund	3,210
Number of meetings eligible to vote	5,424
Number of resolutions eligible to vote	55,162
% of resolutions voted	99.78%
% of resolutions voted with management	80.59%
% of resolutions voted against management	18.79%
% of resolutions abstained	0.62%
% of meetings voted against management	62.20%
% of resolutions voted contrary to the proxy adviser recommendation	10.11%

\*L&G voting information available is dated at 30 September 2024, as the Asset Manager only issues a quarter information file.

	Summary Info
Manager name	Legal & General Investment Management
Fund name	LGIM MSCI ACWI Adaptive Capped ESG Index Fund (Unhedged and GBP Hedged)
Approximate value of Trustee's assets	Unhedged: c.£4.9m as at 31 August 2024* GBP Hedged: c.£5.0m as at 31 August 2024*
Number of equity holdings in the fund	2,159
Number of meetings eligible to vote	3,108
Number of resolutions eligible to vote	35,836
% of resolutions voted	99.67%
% of resolutions voted with management	78.29%
% of resolutions voted against management	20.69%
% of resolutions abstained	1.02%
% of meetings voted against management	69.39%
% of resolutions voted contrary to the proxy adviser recommendation	13.93%

\*L&G voting information available is dated at 30 September 2024, as the Asset Manager only issues a quarter information file.

### **c. Most significant votes over the year**

#### **Insight**

Insight describes its process for determining the 'most significant' votes as follows:

"The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures."

## Legal & General Investment Management (LGIM)

LGIM describes its process for determining the ‘most significant’ votes as follows:

“As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM’s vote positions to clients for what we deemed were ‘material votes’. We are evolving our approach in line with the new regulation and are committed to provide our clients access to ‘significant vote’ information.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>”

## d. Most significant votes over the year by Fund

### Insight

#### Insight Broad Opportunities Fund

Company name	Digital 9 Infrastructure PLC
Date of vote	15/03/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.2%
Summary of the resolution	Adopt new investment objective and policy pursuing a managed wind-down of the company
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a
Rationale for the voting decision	<p>The company's board initiated a strategic review process in Nov 23, concluding with a decision to implement a managed wind-down of the company in Jan 24. The managed wind-down process required shareholder approval to adopt new investment objective and policy.</p> <p>We voted in favour of the resolution as a managed wind-down would be in the best interests of the shareholders. The process would seek to dispose company assets, repay borrowings and return capital to investors. This represents the most appropriate way to realise value for shareholders while the company trades at material discount to net asset value.</p>
Outcome of the vote	Passed with 99.98% of votes in favour of resolution
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The implications of the outcome are that the company would delist in the medium term after underlying investments have been disposed and capital returned to shareholders. We plan to maintain regular discussions with the company as part of the managed wind-down process of maximising shareholder value.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	We assessed the proposed change in the company's investment objective and policy to be significant. The previous investment policy sought to invest shareholder capital into a range of digital infrastructure assets in order to generate target returns. The company's share prices have continued to trade at a material discount to its net asset value. A change to the investment objective and policy was considered to be appropriate in order to maximise shareholder value. The company will cease to exist in the medium term as underlying assets are disposed following the updated investment objective and policy.

## Legal & General Investment Management (LGIM)

### LGIM Future World Global Equity Index Fund (Unhedged and GBP Hedged)

	Vote 1	Vote 2
Company name	Microsoft Corporation	Apple Inc.
Date of vote	2023-12-07	2024-02-28
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.467041	4.462296
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
How you voted	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics
Rationale for the voting decision	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 concerns.	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
Outcome of the vote	N/A	Fail
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.



**LGIM MSCI ACWI Adaptive Capped ESG Index Fund (Unhedged and GBP Hedged)**
**Vote 1**
**Vote 2**

Company name	Broadcom Inc.	American Express Company
Date of vote	2024-04-22	2024-05-06
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.321484	0.210177
Summary of the resolution	Resolution 1g: Elect Director Henry Samueli	Resolution 1i: Elect Director Stephen J. Squeri
How you voted	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	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 concerns.
Outcome of the vote	Pass	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: <a href="https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/">https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/</a>	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.