Implementation Statement

The Walkers Shortbread Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Walkers Shortbread Limited Retirements Benefits Scheme ("the Scheme")** to set out the following information over the year to **30 April 2024:**

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

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

The voting behaviour is not given over the Scheme year end to 30 April 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2024.

Stewardship policy

The Trustees' Statement of Investment Principles ("SIP") in force at 15 December 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in December 2023 to reflect changes made to the Scheme's investment strategy and has been made available online here:

https://www.walkersshortbread.com/compliance-statements/

The Scheme has taken steps to align its investment strategy with the actions it is taking to seek to secure the liabilities using annuities. This is expected to happen in the near future. Part of the restructuring resulted in the Scheme's equity holding, which had voting rights attached, being sold. Whilst the Trustees recognise that engagement and voting remain important, they are comfortable using their investment manager's default position in the short period until annuities are bought.

Although the Trustees have decided to accept the investment manager's default stewardship priorities for the Scheme, the Trustees take the stewardship priorities, climate risk, and ESG factors into account at investment selection level and will consider these as part of any annuity selection exercise. The Trustee also reviews the stewardship and engagement activities of the investment managers annually through their implementation statement.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment manager, 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 fund managers.
- Our investment advisors have undertaken an initial review of the stewardship and engagement activities of the current managers using their internal research teams, and were satisfied that their policies were reasonable and no remedial action is required.
- The Scheme's investments are all held with one investment manager, LGIM, and this has been unchanged for some time. LGIM is rated high conviction by our investment advisors for stewardship and voting, and the Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.
- The Trustees are comfortable the actions of the fund manager are in alignment with the Scheme's stewardship policies.

Prepared by the Trustees of the Walkers Shortbread Limited Retirement Benefits Scheme
June 2024

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 31 March 2024. The cash, gilts and bonds funds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Over the year to 31 March 2024, the Trustees reviewed the Scheme's investment strategy. As part of this review, the Scheme fully disinvested from the LGIM Global Equity Fixed Weight (50:50) Index Fund. This was completed in November 2023. The Scheme held voting rights through this fund for a significant proportion of the year, despite it not being held at the period end. Therefore, these voting rights have been considered below, data covers the full year to 31 March 2024.

Manager	LGIM
Fund name	Global Equity Fixed Weight (50:50) Index 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	3,035
No. of eligible votes	39,303
% of resolutions voted	99.82%
% of resolutions abstained[1]	0.11%
% of resolutions voted with management[1]	81.76%
% of resolutions voted against management[1]	18.14%
Proxy voting advisor employed[1]	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, LGIM have put in place a custom voting policy with specific voting instructions.
% of resolutions voted against proxy voter recommendation	13.30%

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

Significant votes

The Trustees have not set stewardship priorities / themes for the Scheme, this reflects the de-risked investment strategy and short expected time horizon for the Scheme. 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 have not developed a specific voting policy.

LGIM have provided a selection of 760 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees has selected 5 votes, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. 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, Global Equity Fixed Weights (50:50) Index Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Shell Plc	Glencore Plc	Apple Inc.	Experian Plc	Amazon.com, Inc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.53%	1.26%	1.07%	0.59%	0.44%
Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 19 – Shareholder resolution in Respect of the Next Climate Action Transition Plan	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 14 – Re-elect Mike Rogers as Director	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
How the manager voted	Against	For	Against	Against	For
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. 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, LGIM remain concerned by the lack of disclosure surrounding future oil and gas	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, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023	Environmental and Social: LGIM report 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 ideology in EEO policies does not appear to be a standard industry practice.	Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM feel 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 LGIM believe cognitive

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	production plans and targets associated with the upstream and downstream operations, which LGIM report are both key areas to demonstrate alignment with the 1.5C trajectory.	AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. LGIM report that this proposal was filed as an organic escalation following LGIM's multi-year discussions with the company since 2016 on its approach to the energy transition.			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**	**Pass**	**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 engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	Thematic – Climate: LGIM consider this vote significant given the high profile of so called "Say on Climate" votes. LGIM 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.	Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.	Thematic – Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	Thematic – Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	Thematic – Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

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 each manager during the year 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.

Manager	LGIM – Fund Level		LGIM – Firm Level
Fund name	Global Equity 50:50 Equity Index Fund	AAA-AA-A Bonds Over 15 year Index Fund	All LGIM funds
Number of entities engaged with in the year	536	10	2,006
Number of engagements undertaken in the year	830	24	2,144

Example of engagement activity undertaken over the year to 31 March 2024

LGIM, Firm Level

Bayer

LGIM engaged with Bayer, a leading pharmaceuticals and crop science company. The company faces significant reputational risk arising from an ongoing glyphosate litigation related to its Roundup herbicide product. LGIM engaged with the intention of guiding Bayer. In particular, advising against favouring short-term equity gains in exchange for long-term growth.

LGIM's Stewardship and Investment teams met with members of Bayer's supervisory board, its ESG team and its new CEO over the year. LGIM sought to understand how Bayer plan to fund and manage ongoing litigation risks. This would include the company's views regarding employing controversial legal strategies like the 'Texas Two Step'. This manoeuvre would involve the company splitting into two legal entities, one keeping valuable assets on its balance sheet and the other incurring the company's liabilities and filing for bankruptcy, shielding the original company from liability costs.

In their meeting with the new CEO, LGIM strongly expressed that a break-up of Bayer, that does not support a growing pharmaceuticals business, would make little sense and that the balance sheet should be deleveraged. Regarding litigation risks, LGIM asserted that Bayer cannot settle its legal challenges in a way that creates long-lasting harm to its balance sheet in exchange for potentially short-term gains for its shareholders.

LGIM remains engaged with Bayer, and the company's capital markets day held in March 2024 affirmed their expectations that the crop science business and the pharma business should not be broken up. LGIM used a recent bond deal marketing call as an opportunity to advocate for a clearer message from Bayer regarding its view of what its 'core' business is.