

Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024 (the “Scheme Year”)

The Trustees of the Alfa Laval Pumps Limited Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustees have had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#) issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was during February 2024, when the SIP was reviewed and updated.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The Scheme’s only fund that held equities during the Scheme Year was Columbia Threadneedle Investment’s (“CTI”) Multi Asset Fund, which the Scheme disinvested fully from on 14 June 2023. CTI’s voting and engagement policy can be found on this web page: [Responsible investment | Columbia Threadneedle Investments](#). However, the Trustees take ownership of the Scheme’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Trustees set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors during the previous Scheme year. These stewardship priorities are: Climate change, Human rights, and Business ethics. The Trustees communicated these priorities to its managers in May 2023.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

The Trustees invested in a new pooled fund, the Insight Short Duration Buy and Maintain Credit Fund in April 2023. In selecting and appointing this manager, the Trustees reviewed LCP’s RI assessments of the shortlisted managers and restricted the shortlist to managers which are signatories of the UK Stewardship Code.

3. Description of voting behaviour during the Scheme Year

During the Scheme Year, all of the Trustees’ holdings in listed equities were within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. However, the Trustees monitor managers’ voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee’s expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities (CTI’s Multi Asset Fund, until the date of disinvestment on 14 June 2023).

In addition to the above, the Trustees also contacted the Scheme's other investment managers who manage non-equity assets on behalf of the Scheme, to ask if any of the assets had voting opportunities over the period. The managers confirmed that there were no voting opportunities that took place over the reporting period for these funds. These were the following funds:

- M&G Long-Dated Corporate Bond fund (the Scheme was invested in this Fund until 14 June 2023);
- Insight Short Duration Buy and Maintain Bond fund (the Scheme invested in this Fund on 16 June 2023), and
- L&G Matching Core LDI, Gilt and Index-Linked Gilt fund ranges.

9.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place. The Trustees set their stewardship priorities in Q1 2023, and reviewed their managers' voting and engagement policies against these priorities during this Scheme Year.

CTI

Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and proxy voting practices are implemented through their Proxy Voting Policy.

For those proposals not covered by the Principles, or those proposals set to be considered on a case by case basis (i.e., mergers and acquisitions, share issuances, proxy contests, etc.), the analyst covering the company or the portfolio manager that owns the company will make the voting decision.

CTI utilises the proxy voting research of ISS to cast votes for client securities and to provide record keeping and vote disclosure services. They have retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.

While final voting decisions are made under a process informed by the responsible investment team working in collaboration with portfolio managers and analysts, the Global Proxy Team serves as the central point of proxy administration with oversight over all votes cast and ultimate responsibility for the implementation of the Proxy Voting Policy. CTI's voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

When voting proxies on behalf of their clients, CTI have confirmed that they vote in consideration of all relevant factors to support the best economic outcome in the long run. As an organisation, their approach is driven by a focus on promoting and protecting their clients' long-term interests. While CTI are generally supportive of company management, they can and do frequently take dissenting voting positions.

9.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below. We have provided this data over the period 31 December 2022 to 30 June 2023, which is the closest date available to the date of disinvestment from the Multi-Asset Fund.

Manager name	CTI
Fund name	Multi Asset Fund
Total size of fund at end of the Scheme Year	£480.0m
Value of Scheme assets at end of the Scheme Year*	£1.9m
Number of equity holdings at end of the Scheme Year	1,129
Number of meetings eligible to vote	438
Number of resolutions eligible to vote	5,752
% of resolutions voted	99.3

Of the resolutions on which voted, % voted with management	85.7
Of the resolutions on which voted, % voted against management	12.3
Of the resolutions on which voted, % abstained from voting	2.0
Of the meetings in which the manager voted, % with at least one vote against management	66.0
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A**

*As at the date of full redemption on 14 June 2023.

**CTI could not provide a definitive answer to this question as they use a number of different sources with potentially differing data availability from the various proxy voting service providers.

9.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria¹ for creating this shortlist.

By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustees believe that their managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustees have interpreted "significant votes" to mean those that align with their stewardship priorities and may have the most significant financial impact for the Scheme. This has been determined by assessing the size of the holding in the fund at the date of the vote. CTI created a longlist of significant votes for the Trustees to select based on dissenting votes i.e. where a vote is cast against (or where we abstain/withhold from voting) a management-tabled proposal, and votes where it supported a shareholder-tabled proposal not endorsed by management

CTI Multi Asset Fund

Amazon Inc., May 2023

- **Relevant stewardship priority:** Climate change
- **Summary:** Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines
- **Vote cast:** For
- **Rationale:** Shareholders would benefit from more disclosure to better assess the risk to shareholder value of climate risk.
- **Approx size of the holding at the date of the vote:** 1.1%
- **The reason the Trustees considered this vote to be "most significant":** This resolution relates to a stewardship priority that has been set by the Trustees and is a material holding in the Fund.
- **Company management recommendation:** CTI cannot provide a definitive answer to this question as they use a number of different sources with potentially differing data availability from the various proxy voting service providers.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Fail. Active stewardship (engagement and voting) continues to form an integral part of CTI's research and investment process.

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](#). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Amazon Inc., May 2023

- **Relevant stewardship priority:** Human rights
- **Summary:** Report on Median and Adjusted Gender/Racial Pay Gaps
- **Vote cast:** For
- **Rationale:** The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.
- **Approx size of the holding at the date of the vote:** 1.1%
- **The reason the Trustees considered this vote to be “most significant”:** This resolution relates to a stewardship priority that has been set by the Trustees and is a material holding in the Fund.
- **Company management recommendation:** CTI cannot provide a definitive answer to this question as they use a number of different sources with potentially differing data availability from the various proxy voting service providers.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Fail. Active stewardship (engagement and voting) continues to form an integral part of CTI's research and investment process.

The Walt Disney Company, April 2023

- **Relevant stewardship priority:** Business ethics
- **Summary:** Report on Political Expenditures
- **Vote cast:** Abstain
- **Rationale:** While CTI agreed with the sentiment of this proposal, they believe the company provides reasonable disclosure of its political donations and are encouraged by the recent efforts to increase transparency on this issue.
- **Approx size of the holding at the date of the vote:** 0.5%
- **The reason the Trustees considered this vote to be “most significant”:** This resolution relates to a stewardship priority that has been set by the Trustees and is a material holding in the Fund.
- **Company management recommendation:** CTI cannot provide a definitive answer to this question as they use a number of different sources with potentially differing data availability from the various proxy voting service providers.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** Fail. Active stewardship (engagement and voting) continues to form an integral part of CTI's research and investment process.

9.4 Votes in relation to assets other than listed equity

There were no votes over the Scheme Year for any of the Scheme's assets other than listed equities.