

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 Retirement Benefits Scheme ("the Scheme") to set out the following information over the year to 30 April 2022:

- 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.

The voting behaviour is not given over the Scheme year end to 30 April 2022 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2022.

How voting and engagement policies have been followed

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

- The Scheme invests in instruments (such as equities) that have voting rights. However, the Scheme accesses these instruments entirely through investments in pooled funds. Therefore, the Trustees delegate 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 managers, 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.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2020 and has been made available online here: <https://www.walkersshortbread.com/our-company/compliance-statement/>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

**Prepared by the Trustees of the Walkers Shortbread Limited Retirement Benefits Scheme
September 2022**

Voting Data

This section provides a summary of the voting activity undertaken by the investment manager within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2022. The cash, gilts and bonds with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandates.

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	3,175
No. of eligible votes	39,493
% of resolutions voted	99.88%
% of resolutions abstained	0.20%
% of resolutions voted with management¹	82.85%
% of resolutions voted against management¹	16.95%
Proxy voting advisor employed	ISS's 'ProxyExchange' electronic voting platform
% of resolutions voted against proxy voter recommendation	11.74%

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 Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustees have asked the investment manager to determine what they believe to be a “significant vote”. The Trustees have selected ten significant votes for the LGIM fund from a longer list provided by the manager of votes that they deem significant. The 10 votes chosen by the Trustees from the longer list of significant votes are based on the largest holdings within this.

A summary of the significant votes provided is set out below. A summary of the significant votes provided is set out below. Commentary within this section was provided by LGIM and is written from their perspective rather than the Trustees’.

LGIM, Global Equity Fixed Weights (50:50) Index Fund

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.	Facebook, Inc.	Total SE
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.09%	1.03%	0.66%	0.35%	0.22%
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella	Resolution 1a Elect Director Jeffrey P. Bezos	Resolution 1.9 Elect Director Mark Zuckerberg	Resolution 6 Re-elect Patrick Pouyanne as Director
How the manager voted	For	Against	Against	Withhold	Against
Rationale for the voting decision	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.		
Outcome of the vote	53.6% of shareholders supported the resolution	94.7% of shareholders supported the resolution	95.1% of shareholders supported the resolution.	97.2% of shareholders supported the resolution.	77.4% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
	company and market-level progress.	declaration would be an appropriate escalation tool.			
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes		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 (escalation of engagement by vote). 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 (escalation of engagement by vote). 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 (escalation of engagement by vote).	
	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	JPMorgan Chase & Co.	Johnson & Johnson	NVIDIA Corporation	Informa Plc	Berkshire Hathaway Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.21%	0.21%	0.17%	0.17%	0.16%
Summary of the resolution	Resolution 1c Elect Director Todd A. Combs	Resolution 1e Elect Director Alex Gorsky	Resolution 1g Elect Director Harvey C. Jones	Resolution 3, Re-elect Stephen Davidson as Director Resolution 5, Re-elect Mary McDowell as Director Resolution 7, Re-elect Helen Overs as Director Resolution 11, Approve Remuneration Report	Resolution 1.1 Elect Director Warren E. Buffett
How the manager voted	Against	Against	Against	Against	Withhold
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our		LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this	The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have

Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
<p>website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</p>		<p>issue. As part of our efforts to influence our investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, we expanded the scope of our vote policy to include all companies in the S&P 500 and the S&P/TSX. Our expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.</p>	<p>meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted our concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, we again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent events as described above, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans</p>	<p>supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.</p>

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
				that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate our vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.	
Outcome of the vote	96.1% of shareholders supported the resolution.	93.4% of shareholders supported the resolution.	94.2% of shareholders supported the resolution.	Resolution 3 53.4% of shareholders supported the resolution. Resolution 5 80% of shareholders supported the resolution. Resolution 7 78.1% of shareholders supported the resolution. Resolution 11 38.3% of shareholders supported the resolution.	97.8% of shareholders supported the resolution.
Implications of 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 seek to engage with the company and monitor progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant"	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 (escalation of engagement by vote).		LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare our vote intention for a number	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 (escalation of engagement by vote).

Vote 6

Vote 7

Vote 8

Vote 9

Vote 10

of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.

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 LGIM during the year for the relevant funds.

Engagement activities are limited for the Scheme's gilt and cash funds due to the nature of the underlying holdings, so engagement information for this asset has not been shown.

Manager	LGIM
Fund name	Global Equity Fixed Weight (50:50) Index
Number of engagements undertaken on behalf of the holdings in this fund in the year	573
Number of entities engaged on behalf of the holdings in this fund in the year	394
Number of engagements undertaken at a firm level in the year	696
Examples of engagements undertaken with holdings in the Fund	Remuneration, climate changes, board composition, climate impact pledge and gender diversity