

Implementation Statement, covering the Scheme Year from 1 July 2023 to 30 June 2024

The Trustee of the NMB-Minebea UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has 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 Trustee has 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

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year to reflect the DWP’s guidance, which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers 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 Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the August 2023 meeting, the Trustee discussed and agreed stewardship priorities for the Scheme which were: climate change, diversity, equity & inclusion, and business ethics.

The Trustee reviews case studies of its managers’ voting activity as part of its ongoing monitoring. This helps the Trustee to better understand its managers’ approaches to voting and engagement and form a view on their appropriateness for the Scheme. At the November 2023 meeting, the Trustee reviewed two different case studies from two of its managers covering climate change and diversity, equity and inclusion (both of which relate to the Trustee’s stewardship priorities). The Trustee was satisfied with the managers’ approaches to engagement and has agreed to continue to monitor progress.

The Trustee is 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 Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers’ voting and engagement behaviour on a regular 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 as follows:

- Legal & General World Emerging Markets Equity Fund
- Legal & General Low Carbon Transition Developed Markets (ex UK) Equity Index Fund
- Legal & General Low Carbon Transition Developed Markets (ex UK) Equity Index Fund – GBP Hedged
- Schroder Life Diversified Growth Fund

In addition to the above, the Trustee contacted the Scheme’s asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviews these policies on a regular basis, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee’s views.

Legal and General Investment Management (“LGIM”)

“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 our clients. Our voting policies are reviewed annually and take into account feedback from our 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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We 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 our 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 our 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 Institutional Shareholder Services’ (“ISS”) ‘Proxy Exchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our 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 we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

It is vital that the proxy voting service is regularly monitored and LGIM does 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 our expectations, an analysis of any issues we have 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 our 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.

We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."

Schroders Investment Management ("Schroders")

"The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from our clients. We report transparently on our voting decisions with rationales on our website.

As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).

We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our Proxy Voting Policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we will vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as that provided by Glass Lewis, the Investment Association's Institutional Voting Information Services and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2023, we voted on approximately 7,400 meetings and 95% of total resolutions, and instructed a vote against the board at over 52% of meetings.

in Q4 2023 we switched vendor from ISS to Glass Lewis ("GL") who act as our one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

GL automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process."

	LGIM World Emerging Market Equity	LGIM Low Carbon Equity	LGIM Low Carbon Equity GBP Hedged	Schroders DGF
Total size of fund at end of the Scheme Year	£2,997.1m	£1,968.3m	£2,315.3m	£1,349.7m
Value of Scheme assets at end of the Scheme Year	£1.5m	£2.3m	£2.3m	£5.8m
Number of equity holdings at end of the Scheme Year	1,804	1,380		1,236
Number of meetings eligible to vote	4,407	1,555		1,129
Number of resolutions eligible to vote	35,796	21,781		14,749
% of resolutions voted	99.9%	99.5%		96.5%
Of the resolutions on which voted, % voted with management	79.3%	78.3%		89.4%
Of the resolutions on which voted, % voted against management	19.4%	21.2%		10.5%
Of the resolutions on which voted, % abstained from voting	1.3%	0.5%		0.2%
Of the meetings in which the manager voted, % with at least one vote against management	56.4%	79.0%		57.1%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6.9%	16.0%		9.2%

3.3 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 Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has 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 criteria for creating this shortlist. By informing its managers of its stewardship priorities and through regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on the Trustee's behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; or
- the Scheme or the sponsoring company may have a particular interest in.

The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

LGIM World Emerging Market Equity

Meituan, 14 June 2024

- **Summary of resolution:** Elect Wang Xing as Director.
- **Relevant stewardship priority:** Climate Change; Business Ethics.
- **Approx size of the holding at the date of the vote:** 1.0%.
- **Why this vote is considered to be most significant:** The vote related to two of the Trustee's stewardship priorities.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** *"A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. A vote against the election of Wang Xing and Mu Rongjun is warranted given that their failure to ensure the company's compliance with relevant laws and regulations raises serious concerns on their ability to fulfil their fiduciary duties in the company. A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board."*
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Pass. *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

Anglogold Ashanti Plc, 28 May 2024

- **Summary of resolution:** Re-elect Jochen Tilk as Director.
- **Relevant stewardship priority:** Diversity, Equity & Inclusion.

- **Approx size of the holding at the date of the vote:** 0.1%.
- **Why this vote is considered to be most significant:** The vote related to one of the Trustee's stewardship priorities.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** *"A vote against is applied as LGIM expects a company to have at least one-third women on the board."*
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Pass. *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

LGIM Low Carbon Transition Developed Markets Equity Index Fund (inc GBP-hedged)

Apple Inc., 28 February 2024

- **Summary of resolution:** Report on Risks of Omitting Viewpoint and Ideological Diversity from Equal Employment Opportunity ("EEO") Policy.
- **Relevant stewardship priority:** Diversity, Equity & Inclusion.
- **Approx size of the holding at the date of the vote:** 5.5%.
- **Why this vote is considered to be most significant:** The vote related to one of the Trustee's stewardship priorities.
- **Company management recommendation:** Against. **Fund manager vote:** Against.
- **Rationale:** *"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."*
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Fail. *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

Broadcom Inc., 22 April 2024

- **Summary of resolution:** Elect Director Henry Samueli.
- **Relevant stewardship priority:** Climate Change.
- **Approx size of the holding at the date of the vote:** 0.9%.
- **Why this vote is considered to be most significant:** The vote related to one of the Trustee's stewardship priorities.
- **Company management recommendation:** For. **Fund manager vote:** Against.
- **Rationale:** *"A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management."*
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome of the vote and next steps:** Pass. *"LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

Schroder Life Diversified Growth Fund

Oracle Corporation, 15 November 2023

- **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps.
- **Relevant stewardship priority:** Diversity, Equity & Inclusion.
- **Approx size of the holding at the date of the vote:** 0.1%.
- **Why this vote is considered to be most significant:** The vote related to one of the Trustee's stewardship priorities.
- **Company management recommendation:** Against. **Fund manager vote:** For.

- **Rationale:** *“Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company’s diversity and inclusion initiatives, and how it is positioning itself to realise the benefits of a diverse workforce. We believe that how we have voted is in the best financial interest of our clients’ investments.”*
- **Was the vote communicated to the company ahead of the vote:** Not disclosed.
- **Outcome of the vote and next steps:** Fail. *“We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.”*

Microsoft Corporation, 7 December 2023

- **Summary of resolution:** Report on Risks of Operating in Countries with Significant Human Rights Concerns.
- **Relevant stewardship priority:** Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.8%
- **Why this vote is considered to be most significant:** The vote related to one of the Trustee’s stewardship priorities.
- **Company management recommendation:** Against. **Fund manager vote:** For.
- **Rationale:** *“Shareholders would benefit from further disclosure on how the company mitigates risks in markets in which it operates where there are significant human rights concerns. We believe how we have voted is in the best financial interests of our clients’ investments.”*
- **Was the vote communicated to the company ahead of the vote:** Not disclosed.
- **Outcome of the vote and next steps:** Against - *“We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.”*