

# Implementation Statement

## SONI Limited Pension Scheme

### Purpose of this statement

This implementation statement has been produced by the Trustees of the **SONI Limited Pension Scheme (“the Scheme”)** to set out the following information over the year to 31 March 2023:

- how the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- 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; and
- A summary of any changes to the Statement of Investment Principles (SIP) over the period;
- A description of how the Trustees’ policies, included in their SIP, have been followed over the year.

### Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at January 2022 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2022 and has been made available online in the below link. The Trustees updated their strategy in 2022, with the updated SIP being finalised at time of writing this statement, however the policies on stewardship remain unchanged.

<https://www.soni.ltd.uk/media/documents/SONI-Ltd-Pension-Scheme-Statement-of-Investment-Principles.pdf>

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

### 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 entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers’ general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustees from time to time, considering the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to Environmental, Social and Governance (“ESG”) matters, and to take these into account in the selection, retention and realisation of investments where appropriate.

- The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor. The Trustees are satisfied that the investment managers' policies are reasonable and no remedial action has been required.
- At the Scheme year-end, the investment managers were Legal & General Investment Management ("LGIM") and BlackRock. The Trustees meet several times a year to discuss performance of the funds and receive updates on important issues. 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 receive and review voting information and engagement policies from the asset managers and review them to ensure alignment with the Trustees' own policies. Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.

## How the SIP has been followed over the year

Based on the information provided by the Scheme's investment managers, the Trustees believes 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.
- The Trustees monitored the performance of the fund managers to ensure that the funds were meeting their stated objectives. Their investment consultants provided updates at Trustees meetings to assist with this process. This includes quarterly monitoring reports for the DB and DC sections.
- The Trustees review the appropriateness of the investment strategy on an ongoing basis and conduct formal strategy reviews from time to time. Over the year, the Trustees reduced the strategic allocation to growth assets and increased the allocation to liability-matching assets in order to more closely align the investment strategy with the maturity profile of the liabilities.
- The DC section offers a suitable default strategy for members. The Trustees regularly monitor the strategy and there were no material changes made over the year.
- The DC section offers a range of self-select fund options which give members a reasonable choice from which to select their own strategy. The Trustees monitor the range of available funds, and no material changes were made over the year.
- The Trustees hold the view that the funds invested in by both the DB and DC sections were managed over the year in accordance with their views on financially material factors.
- The SIP is reviewed alongside any changes to underlying funds or investment strategy (and at least every three years). The SIP was last updated in January 2022 to incorporate the Trustees' decision to update the Scheme's strategic allocation. Although a more up to date version is being finalised at time of writing this statement reflecting changes to the investment strategy.
- The Trustees made no new manager appointments over the year.

**Prepared by the Trustees of the SONI Limited Pension Scheme  
September 2023**

## 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 2023. The Cash and LDI with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

### DB Section

Manager	LGIM					
<b>Fund name</b>	UK Equity Index Fund	North America Equity Index Fund	Europe (ex UK) Equity Index Fund	Japan Equity Index Fund	Asia Pacific (ex-Japan) Developed Equity Index Fund	Future World Global Equity Index Fund
		North America Equity Index Fund – GBP Currency Hedged	Europe (ex UK) Equity Index Fund – GBP Currency Hedged	Japan Equity Index Fund – GBP Currency Hedged	Asia Pacific (ex-Japan) Developed Equity Index Fund – GBP Currency Hedged	Future World Global Equity Index Fund – GBP Currency Hedged
<b>Structure</b>	Pooled					
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					
<b>No. of eligible meetings</b>	733	676	618	505	503	5,067
<b>No. of eligible votes</b>	10,870	8,543	10,391	6,267	3,590	54,368
<b>% of resolutions voted</b>	99.9%	99.4%	99.9%	100.0%	100.0%	99.9%
<b>% of resolutions abstained<sup>1</sup></b>	0.0%	0.1%	0.5%	0.0%	0.0%	1.0%
<b>% of resolutions voted with management<sup>1</sup></b>	94.5%	65.4%	81.0%	88.8%	70.8%	80.4%

<sup>1</sup> As a percentage of the total number of resolutions voted on

Manager	LGIM					
<b>% of resolutions voted against management<sup>1</sup></b>	5.5%	34.5%	18.5%	11.2%	29.2%	18.6%
<b>Proxy voting advisor employed</b>	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.					
<b>% of resolutions voted against proxy voter recommendation</b>	4.2%	26.6%	9.7%	9.2%	17.9%	10.5%

## DC Section

Manager	LGIM		BlackRock	
<b>Fund name</b>	Global Equity Fixed Weights (50:50) Index Fund	DC Diversified Growth Fund	LifePath Flexi Funds	UK Equity Optimum Fund
<b>Structure</b>	Pooled			
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
<b>No. of eligible meetings</b>	3,197	103	7,829	137
<b>No. of eligible votes</b>	41,099	1,349	80,206	2,202
<b>% of resolutions voted</b>	99.8%	85.0%	93.0%	100.0%
<b>% of resolutions abstained<sup>1</sup></b>	0.1%	1.0%	1.0%	1.0%
<b>% of resolutions voted with management<sup>1</sup></b>	81.9%	97.0%	90.0%	96.0%
<b>% of resolutions voted against management<sup>1</sup></b>	18.0%	2.0%	9.0%	3.0%
<b>Proxy voting advisor employed<sup>1</sup></b>	<p>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.</p>		<p>BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply BlackRock's proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.</p>	
<b>% of resolutions voted against proxy voter recommendation</b>	12.2%	0.0%	0.0%	0.0%

<sup>1</sup> 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 Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. 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 are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

**LGIM and BlackRock** have provided a selection of votes which they believe to be significant the trustees have decided to show the largest holding as the most significant and provided the largest of the votes provided as the most significant. Where votes are repeated across sections we have chosen the next biggest to gain a wider variety of votes.

A summary of the significant votes provided is set out below.

## DB Section

During the 12 months to 31 March 2023, the Scheme replaced their LGIM regional equity holdings with LGIM Future World Equity funds (currency hedged and unhedged). In this section we have included one significant vote from each fund that was held during the respective period invested by the Scheme.

Manager	LGIM		
	Fund Name	UK Equity Index	North America Equity (currency hedged and unhedged)
<b>Company name</b>	Royal Dutch Shell Plc	Amazon.com, Inc.	LVMH Moet Hennessy Louis Vuitton SE
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	6.7%	2.8%	2.2%
<b>Summary of the resolution</b>	Approve the Shell Energy Transition Progress Update	Elect Director Daniel P. Huttenlocher	Re-elect Bernard Arnault as Director
<b>How the manager voted</b>	Against	Against	Against

Manager	LGIM		
Fund Name	UK Equity Index	North America Equity (currency hedged and unhedged)	Europe (ex UK) Equity (currency hedged and unhedged)
<b>Rationale for the voting decision</b>	<p>LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p>	<p>Vote against is applied as the director is a long-standing member of the Leadership Development &amp; Compensation Committee which is accountable for human capital management failings.</p>	<p>A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p>
<b>Outcome of the vote</b>	79.9% Voted for the proposal	93.3% Voted for the proposal	92% Voted for the proposal
<b>Implications of the outcome</b>	<p>LGIM will continue to engage with their investee companies, publicly advocate their position on these issues and monitor company and market-level progress.</p>		
<b>Criteria on which the vote is considered "significant"</b>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>	<p>LGIM pre-declared its vote intention for this resolution, demonstrating its significance.</p>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). 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 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.</p>

Manager	LGIM		
Fund Name	Japan Equity Index (currency hedged and unhedged)	Asia Pacific (ex Japan) (currency hedged and unhedged)	Future World Equity Index (currency hedged and unhedged)
<b>Company name</b>	Shin-Etsu Chemical Co., Ltd.	Rio Tinto Limited	Accenture Plc
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.5%	0.9%	0.5%
<b>Summary of the resolution</b>	Elect Director Kanagawa, Chihiro	Approve Climate Action Plan	Elect Director Julie Sweet
<b>How the manager voted</b>	Against	Against	Against
<b>Rationale for the voting decision</b>	<p>A vote against is applied due to: the lack of meaningful diversity on the board; the Company not providing disclosure surrounding the use of former CEO as Advisor to the Board; the lack of independent directors on the board.</p> <p>Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.</p>	<p>LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts.</p> <p>However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p>	<p>A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>
<b>Outcome of the vote</b>	Not provided	84.3% Voted for the proposal	94.5% Voted for the proposal
<b>Implications of the outcome</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		



Manager	LGIM		
Fund Name	Japan Equity Index (currency hedged and unhedged)	Asia Pacific (ex Japan) (currency hedged and unhedged)	Future World Equity Index (currency hedged and unhedged)
<b>Criteria on which the vote is considered "significant"</b>	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

## DC Section

Manager	LGIM		BlackRock	
Fund Name	Global Fixed Weight 50:50	Diversified Growth	Life Path	UK Equity Optimum
<b>Company name</b>	BP Plc	Siemens AG	Bank of Montreal	Royal Dutch Shell Plc
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.5%	Not provided	Not provided	Not provided
<b>Summary of the resolution</b>	Approve Net Zero - From Ambition to Action Report	Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission	Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions
<b>How the manager voted</b>	For	For	Against	Against
<b>Rationale for the voting decision</b>	While LGIM note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, they remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	This information was not provided	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	BlackRock do not believe the proposal was in shareholder's best interest.
<b>Outcome of the vote</b>	88.5% Voted for the proposal	Pass	Fail	Fail
<b>Implications of the outcome</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	Not provided	Not provided	Not provided

Manager	LGIM	BlackRock		
Fund Name	Global Fixed Weight 50:50	Diversified Growth	Life Path	UK Equity Optimum
<b>Criteria on which the vote is considered "significant"</b>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>	<p>BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes they have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.</p>		

## 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	BlackRock		
<b>Fund name</b>	Passive Equity Index Funds (currency hedged and unhedged) Matching Core LDI funds Active Corporate Bond Fund – All Stocks Buy & Maintain Credit Fund Sterling Liquidity Fund	DC Diversified Growth Fund	LifePath Flexi Funds	UK Equity Optimum Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	Not provided	370	2,341	117
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	Not provided	212	1,551	61
<b>Number of engagements undertaken at a firm level in the year</b>	1,088		3,963	

## Examples of engagement activity undertaken over the year to 31 March 2023

### Legal and General Investment Management, firm-level

#### Capricorn:

LGIM has undertaken numerous engagements with the Capricorn board over the past nine months to express their widespread concerns with the transactions the board has proposed, including the NewMed transaction. In particular, they noted the timing of the proposed meetings as a matter of grave concern. The decision to hold the company's meeting before a shareholder requisitioned meeting appeared to be a direct attempt to undermine due process. It was LGIM's view that meaningful board change was needed to restore investor confidence. The process to date has raised serious questions about the ongoing suitability and fitness of the entire board – and the chair and senior independent director in particular – to serve as directors of a listed company.

As a result, the company announced the resignation of the seven directors who were proposed to be removed, and in the shareholder EGM held on 1 February 2023, all six directors proposed by the proponent were elected by an overwhelming majority of 99.2% of the votes cast. The newly constituted board intended to conduct a comprehensive strategic review of Capricorn's business and potential directions for the future, with a priority given to the NewMed transaction. Following the strategic review, and given shareholders' views, the board and NewMed have agreed to terminate the business combination.

### BlackRock Investment Management, firm wide

#### Pearson plc

Over the course of 2022, BIS engaged with Pearson plc (Pearson) on material governance related issues, including on the company's remuneration policy. While the company is based in the UK, Pearson's CEO is based in the U.S., a reflection of the market's strategic importance.

Remuneration practices between the UK and U.S. differ, particularly surrounding the comparatively higher base salary and executive officers' variable pay schemes in the U.S. In their engagements with Pearson's leadership prior to the April 2022 annual general meeting (AGM), they sought to

understand the company's approach to pay practices, given their concerns that, in their assessment, the remuneration policy seemed unbalanced across markets and misaligned with long-term shareholders' economic interests. BIS looks to a company's board of directors –typically a relevant committee –to put in place a remuneration policy that incentivizes and rewards executives against appropriate and stretching goals tied to relevant strategic metrics, especially those measuring operational and financial performance. In 2020, Pearson had awarded the CEO with high base pay and a one-off co-investment award granted to secure his appointment.

In BlackRock's view, the performance metrics underlying the co-investment award were not sufficiently rigorous, especially considering the value of the award. To signal their concerns, BIS did not support either the approval of the company's remuneration report, or the election of directors to the remuneration committee at the April 2021 AGM.