

Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the “Scheme Year”)

The Trustee of the Rittal-CSM Limited (1978) 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

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 on 20 February 2024. The SIP was updated shortly after the scheme year end to reflect the investment strategy changes made in November 2024.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are provided here for L&G AM (the Scheme’s sole direct investment manager): [L&G’s voting and engagement policies](#).

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.

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 financially material considerations (including climate change and other ESG considerations).

The Trustee invested in a new pooled fund, the L&G Net Zero Short Dated Global Corporate Bond Fund and the Aegon European ABS Fund in November 2024. In selecting and appointing these funds, the Trustee reviewed LCP’s RI assessments of the shortlisted managers.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. During Q1 2024, the Trustee discussed and agreed stewardship priorities for the Scheme which were: climate change, biodiversity loss, human rights, diversity equity and inclusion, business ethics and corporate transparency. These priorities were selected because they are market-wide areas of risk that are financially material for the investments and can be addressed by good stewardship. Therefore, the Trustee believes it is in its members’ best interests that its managers adopt strong practices in those areas.

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 periodic 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:

- L&G Diversified Fund;
- L&G Low Carbon Transition Emerging Markets Index Fund;
- L&G Low Carbon Transition Global Equity Index Fund; and
- L&G Low Carbon Transition Global Equity Index GBP Hedged Fund.

In addition to the above, the Trustee contacted the Scheme's asset manager regarding funds that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. Aegon confirmed that they held assets that had voting opportunities in the European ABS Fund over the Scheme year. Commentary for this fund is set out in section 3.4 below.

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 considered voting and engagement amongst other factors when deciding to invest with the managers and are comfortable that the managers' voting policies are aligned with the Trustee's views.

Legal & General Investment Management ("L&G")

L&G'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 its clients. Its voting policies are reviewed annually and take into account feedback from its clients.

Every year, L&G 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 L&G continues to develop its voting and engagement policies and define strategic priorities in the years ahead. It also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by L&G's Investment Stewardship team and in accordance with its 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 L&G's 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.

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes in accordance with its position on ESG, it has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

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

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below. We have provided data as at 31 March 2025 as L&G were unable to provide it as at the end of the Scheme Year, 5 April 2025.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	Legal & General Asset Management			
Fund name	Diversified Fund	Low Carbon Transition Emerging Markets Index Fund *	Low Carbon Transition Global Equity Index Fund	Low Carbon Transition Global Equity Index GBP Hedged Fund
Total size of fund at 31 March 2025 (£)	£11,976m	£1,018m	£5,561m	£1,644m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£3.7m / 9.6%	N/A	£1.4m / 3.5%	£1.3m / 3.3%
Number of equity holdings at end of the Scheme Year	7,203	1,396	2,737	2,737
Number of meetings eligible to vote	10,796	3,178	4,703	4,703
Number of resolutions eligible to vote	107,020	25,639	47,050	47,050
% of resolutions voted	99.8%	100.0%	99.8%	99.8%
Of the resolutions on which voted, % voted with management	76.5%	80.7%	79.6%	79.6%
Of the resolutions on which voted, % voted against management	22.4%	17.5%	19.2%	19.2%
Of the resolutions on which voted, % abstained from voting	1.1%	1.8%	1.2%	1.2%
Of the meetings in which the manager voted, % with at least one vote against management	69.3%	52.9%	61.4%	61.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	13.7%	6.7%	10.9%	10.9%

*Note that the Scheme fully disinvested from Low Carbon Transition Emerging Markets Index fund in November 2024, but figures refer to the entire 1 year reporting period to 31 March 2025.

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 criteria² for creating this shortlist. By informing its managers of its stewardship priorities and through its 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 its behalf.

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

- align with the Trustee's stewardship priorities;
- 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.

The Trustee has reported on two of these significant votes per fund.

Please note that the Scheme disinvested from the L&G Low Carbon Transition Emerging Markets Index Fund in November 2024. Therefore, we have only included information on the most significant votes up to the date of disinvestment.

L&G – Diversified Fund

Microsoft Corporation., 10 December 2024

- **Summary of resolution:** Report on AI Data Sourcing Accountability
- **Relevant stewardship priority:** Business ethics and Corporate Transparency
- **Approx size of the holding at the date of the vote:** 0.3%
- **Why L&G considers this vote to be most significant:** L&G considers this resolution to be significant due to the relatively high level of support received.
- **Company management recommendation:** Against **Fund manager vote:** For.
- **Rationale:** A vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
- **Was the vote communicated to the company ahead of the vote:** L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is its policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps:** Fail. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Shell Plc, 21 May 2024

- **Summary of resolution:** Approve the Shell Energy Transition Strategy
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote:** 0.3%

² [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.

- **Why L&G considers this vote to be most significant:** L&G is publicly supportive of so called "Say on Climate" votes. It expects 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.
- **Company management recommendation:** For **Fund manager vote:** Against.
- **Rationale:** Climate change: A vote against is applied, though not without reservations. While Shell has advanced climate disclosures and set positive commitments, concerns remain over revised NCI targets, gas expansion, asset lifespan, and customer decarbonisation. Greater clarity is sought on lobbying, post-2025 low-carbon capex, production flexibility, and responsible divestment principles to ensure alignment with net-zero goals.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome of the vote and next steps:** For. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

L&G – Low Carbon Transition Emerging Markets Index Fund

Tencent Holdings Limited, 14 May 2024

- **Summary of resolution:** Elect Charles St Leger Searle as Director
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote:** 3.9%
- **Why L&G considers this vote to be most significant:** L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.
- **Company management recommendation:** For **Fund manager vote:** Against.
- **Rationale:** Climate Impact Pledge: 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:** L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is its policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps:** For. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Alibaba Group Holding Limited, 22 August 2024

- **Summary of resolution:** Elect Director Irene Yun-Lien Lee
- **Relevant stewardship priority:** Diversity Equity and Inclusion
- **Approx size of the holding at the date of the vote:** 2.0%
- **Why L&G considers this vote to be most significant:** L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
- **Company management recommendation:** For **Fund manager vote:** Against.
- **Rationale:** Diversity: A vote against is applied as L&G 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:** For. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

L&G – Low Carbon Transition Global Equity Index Fund (GBP Hedged and Unhedged)

Tesla, Inc. 13 June 2024

- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation
- **Relevant stewardship priority:** Business ethics and Corporate Transparency
- **Approx size of the holding at the date of the vote:** 1.4%

- **Why L&G considers this vote to be most significant:** L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- **Company management recommendation:** For **Fund manager vote:** Against.
- **Rationale:** Remuneration: A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most NEOs received modest or no compensations for FY 23, one executive was granted an outsized time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained.
- **Was the vote communicated to the company ahead of the vote:** L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is its policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps:** Pass. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Amazon.com Inc, 22 May 2024

- **Summary of resolution:** Report on Customer Due Diligence
- **Relevant stewardship priority:** Human rights
- **Approx size of the holding at the date of the vote:** 2.3%
- **Why L&G considers this vote to be most significant:** This L&G shareholder resolution is considered significant as Amazon is one of the largest companies and employers not only within its sector but in the world, L&G believes that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain.
- **Company management recommendation:** For **Fund manager vote:** For.
- **Rationale:** Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.
- **Was the vote communicated to the company ahead of the vote:** L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is its policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps:** Fail. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

3.3 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

Aegon European ABS Fund

Aegon had the following to say in regard to the voting that took place during the Scheme Year:

"Voting is very rare and in principle always related to technical adjustments of the transaction documentation, such as cash flows of trigger dates or necessary language to comply with changing regulation. Our policy is to vote in line with the mandate restrictions and in the best economic interest on the client. Investment decisions within the limits of the mandate restrictions are not consulted with clients beforehand.

When we receive a notification for a vote, we first investigate the situation and the options. If the issuer has not already reached out to us, we reach out to the issuer to make sure the situation and motives are fully clear. All votes we experienced were related to technical adjustments of the transaction documentation, such as cash flows or trigger dates or necessary language to comply with the changing regulation. The best vote for the clients is

determined within the ABS investment team, in case needed with input or advise from experts. Our votes are cast via our Blackrock Aladdin systems and need authorisation of at least two portfolio managers.”

Of the data provided by Aegon, there were 11 resolutions that Aegon were eligible to vote on, with all of the respective votes in line with management.