

# **Runwood Homes Retirement Benefit Scheme Annual Implementation Statement – Year ending 31<sup>st</sup> March 2025**

## **Introduction and purpose of this statement**

This document is the Annual Implementation Statement (the Statement) prepared by the Trustees of the Runwood Homes Retirement Benefits Scheme (the Scheme) covering the scheme year to 31<sup>st</sup> March 2025. The purpose of this Statement is to:

- Set out the extent to which, in the opinion of the Trustees, the engagement policy under the scheme's **Statement of Investment Principles (SIP)** has been followed during the year.
- Describe the voting behaviour, or on behalf of, the Trustees over the year.

A copy of the Statement will be available on the Runwood Homes Limited website, [www.runwoodhomes.co.uk](http://www.runwoodhomes.co.uk), and included in the Trustees' Annual Report and Financial Statements for the year ending 31 March 2025.

## **Review of and changes to the SIP**

The SIP has not been reviewed since the Trustees agreed to changes to the SIP dated the 31<sup>st</sup> of January 2023. Trustees are required to set out their policy concerning their arrangements with asset managers, including:

- Policies relating to engagement activities concerning investments held within the scheme.
- The extent to which non-financial matters are considered in selecting, retaining, and realising investments.

## **Adherence to the SIP**

### **Scheme Objectives**

- To ensure sufficient income and investment returns are available to meet benefit payments due.
- To minimise the risk of the scheme's assets failing to meet liabilities over the long term.

## **Voting and Engagement Policy**

The trustees invest in pooled funds in which the scheme's investments are pooled with those of other investors; the trustees have given the investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights, investee capital structure, management of conflicts of interest and other stewardship obligations attributed to the investments, in accordance with their corporate governance policies and current best practice. The managers are expected to report at least annually on ESG considerations and engagement activities.

The trustees have reviewed their investment managers' engagement activities during the year. They are satisfied that the managers' policies were reasonable and broadly consistent with the trustees' policies.

The trustees and their investment consultants are working with the fund managers to improve the availability and quality of information included in future Implementation Statements.

## Investment Sustainability

The trustees believe that Environmental, Social, and Governance (ESG) factors may have a material impact on investment returns and risk, particularly given the long-term nature of the scheme's liabilities. The trustees consider the extent to which these factors are considered by the investment managers in the selection, retention, and realisation of investments as part of the process of selecting investment managers with whom to invest. As part of their regular review of investment managers, the trustees consider how ESG factors are integrated into their investment process.

When considering potential investments, it is expected that considerations of responsible investment (RI) will form an integral part of the manager's process and that firms are sufficiently resourced to achieve this. The trustees have the requirement that managers are signatories of the UN Principles of Responsible Investment and comply with the UK Stewardship Code. Managers are expected to report at least annually on ESG considerations and engagement activities.

The trustees do not consider the views of the scheme members (including their ethical views, views on social and environmental impact matters, and views on future quality of life considerations) in selecting, retaining, and realising investments.

## Exercising Voting Rights

Voting only applies to equities held in the portfolio. The plan's equity investments are held in pooled equity funds. Using pooled funds means there is limited scope for the trustees to influence voting, which the fund managers carry out on behalf of the trustees. The table below summarises the voting activity undertaken during the year.

Fund	Votes Available	Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld	Total Votes Cast
Dodge & Cox Worldwide Global Stock	1422	1346	76	2	100.14%
Fidelity Global Technology GBP W	1532	1286	154	19	95.23%
Invesco Pacific Z	634	599	40	4	101.42%
Invesco UK Opportunities Z	1000	993	6	1	100.00%
JPMorgan US Equity Income C	1412	1332	40	0	97.17%
JPMorgan US Select Class C	860	793	43	0	97.21%
Pacific North of South Emerging Markets All Cap Eqty I	102	52	47	0	97.06%
Royal London Global Equity Select M	587	478	97	12	100.00%
WS Guinness Global Equity Income Y	553	378	85	8	85.17%

## **Significant Engagements/Votes**

### **Dodge & Cox Worldwide Global Stock**

**Notable Vote** – Dodge and Cox Worldwide did not provide any information. **Lack of information noted.**

### **Fidelity Global Technology GBP W**

**Notable Vote - The Walt Disney Company:** Dissident shareholder Trian Partners nominated two directors (Trian founding partner Nelson Peltz and Jay Rasulo) to the board in place of the incumbent directors Michael Froman and Maria Elena Lagomasino.

In support of its proposals, Trian argued that the board had mishandled the succession of CEO Bob Eiger and pointed to the 21st Century Fox acquisition as being strategically misplaced. Additionally, it voiced concerns over Disney's financial performance and misaligned CEO compensation, and questioned overall board independence voicing concerns over the directors' personal relationships with the CEO.

The board recommended that shareholders vote against the proposal and elect the management nominees. In its response, it maintained that its strategic transformation is working and that the company is aiming to become profitable by the end of FY2024. On succession planning, it stated that it is focused on selecting a new CEO and has established a four-member succession planning committee to lead the process. It pointed out that two members of the committee oversaw transitions at Nike and Morgan Stanley, respectively. This committee met seven times in 2023, retained a search firm, and has begun to review internal and external candidates. In response to the dissident's concerns over board composition and independence, the company stated that each member of the board was recruited by a search firm and pushed back against the dissident's implication that members were drawn from the CEO's personal network.

Following engagement and internal deliberation, we decided to vote in favour of the management nominees. While we believed that some of the dissident's arguments had merit, we did not believe that the appointment of the proposed directors would be in the best interest of the company and its shareholders at this time. We noted that the board had undergone recent refreshment and appeared to be putting in place more robust governance.

**Notable Vote – Microsoft:** A shareholder filed a resolution requesting that the company prepare a report which assesses the risks to the Company's operations and finances, and to public welfare, presented by the real or potential unethical or improper usage of external data in the development and training of its artificial intelligence offerings; what steps the Company takes to mitigate those risks; and how it measures the effectiveness of such efforts. This report may exclude proprietary and/or legally privileged information.

We determined that given the company is facing increased risks related to copyright infringement, although it discloses information about its assessment of AI risks generally, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.

### **Invesco Pacific Z**

**Notable Vote - Mitsubishi UFJ Financial Group, Inc:** Disclosing information on how climate-related risks and opportunities are factored in the selection of outside directors and the board evaluation

would be of value to MUFG shareholders given the climate risk and other environmental impacts of the company's current strategy.

### **Invesco UK Opportunities Z**

**Notable Vote - AstraZeneca PLC:** There is an ongoing debate whether UK remuneration standards inhibit the competitiveness of UK companies against their US peers. The CEO's maximum opportunity under their variable pay structure was already one of the highest before the increase and the proposed increase further widens the gap from other companies in the FTSE 10. Whilst the company's rationale on the increase is acknowledged, and the company also proposes to increase executives' shareholding requirement, the scale of the increase is excessive. Additionally, given the significant historical dissent around the increase of maximum opportunity of the variable pay, the proposed Policy does not warrant support this time.

### **JPMorgan US Equity Income C**

**Notable Vote - United Parcel Service, Inc:** Report on Risks Arising from Voluntary Carbon-Reduction Commitments. We believed the proposal was in our clients' best interest based on considerations related to the incremental value of the information or action requested by the proposal. Votes against mgmt. **Lack of information and delays in providing data noted.**

### **JPMorgan US Select Class C**

**Notable Vote - Wells Fargo & Company:** Report on Lobbying Payments and Policy. We believed the proposal was in our clients' best interest based on considerations related to the incremental value of the information or action requested by the proposal. Votes against mgmt. **Lack of information and delays in providing data noted.**

### **Pacific North of South Emerging Markets**

**Notable Vote - Doosan Bobcat:** North of South opposed the resolution of the merger of Doosan Bobcat with its parent company. In the event that this opposition failed it would also have given us a repurchase option for our holding at a predetermined price that favoured the Fund. In the end the merger failed as the majority of holders voted in line with us to oppose the merger (against ISS' proposal).

### **Royal London Global Equity Select M**

**Notable Vote – Amazon:** In 2024, a shareholder proposal on just transition was put to a vote at Amazon.com Inc. The proposal requested a report on the impact of climate change strategies on employees, supply-chain workers, and local communities, in line with the just transition guidelines of the International Labour Organisation and WBA. The proposal was considered reasonable and aligned with our position, so we voted in favour of it.

**Notable Vote – Tyson Foods:** We voted against electing Mike D. Beebe. As a member of the E&S Committee, the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss these issues.

### **WS Guinness Global Equity Income Y**

**Notable Vote – Broadcom:** Broadcom is a leading global technology company that designs, develops, and supplies semiconductor and infrastructure software solutions. At the 2024 AGM, we did not support the re-election of Harry L. You, Chair of the Remuneration Committee, due to ongoing concerns regarding Broadcom's executive remuneration practices, which we also voted against. Our

concerns centred around the excessive quantum of CEO pay, the fact that the Long-Term Incentive Plan (LTIP) is solely based on Total Shareholder Return (TSR)—a metric we believe is overemphasised and does not adequately reflect long-term operational performance—and the absence of a clawback policy, which limits accountability in cases of misconduct or financial restatements.

Additionally, we did not support Mr. You's re-election due to concerns about overboarding, as he holds three additional board commitments, including two other chair roles, raising questions about his capacity to effectively oversee Broadcom's remuneration practices. These concerns were reflected in shareholder dissent, with 20% voting against Mr. You's re-election and 38% opposing the executive remuneration plan. Following the vote, we engaged with the company to reiterate our concerns and the rationale behind our voting decisions. We will continue to monitor Broadcom's governance and remuneration practices, advocating for a more balanced and accountable approach to executive pay.

**Notable Vote – CME Group:** CME Group is a leading global derivatives marketplace that provides risk management and trading solutions across various asset classes. In 2024, we failed to support several directors at CME to express our concerns on board independence. We voted against the re-election of five members of the Board of Directors due to each exceeding 20 years of board tenure while still being classified as independent. Adjusting for this, the board sits at approximately 50% independence, below our preferred threshold of at least two-thirds. These directors received between 8% and 15.5% votes against. We believe long board tenures can compromise independence, as directors may develop close ties with management, limiting their ability to provide objective oversight. We engaged with CME to reiterate our concerns and advocate for stronger governance practices.

## **Conclusion**

Based on the information above, the Trustees consider that all SIP policies and principles were adhered to during the year.

The Trustees of the Runwood Homes Retirement Benefit Scheme, March 2025.