

## Implementation Statement

# Macfarlane Group PLC Pension & Life Assurance Scheme (1974)

### Purpose of this statement

This implementation statement has been produced by the Trustees of the Macfarlane Group PLC Pension & Life Assurance Scheme (1974) (“the Scheme”) to set out the following information over the year to **30 April 2025**:

- 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.

The voting behaviour is not given over the Scheme year end to 30 April 2025 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2025.

### 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 May 2024 and has been made available online here:

[statement-of-investment-principals.pdf \(macfarlanegroupplcpension1974.co.uk\)](https://www.macfarlanegroupplcpension1974.co.uk/statement-of-investment-principals.pdf)

The Trustees decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles (except for the segregated LDI portfolio) where the Scheme’s asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers. Additionally, only 1.2% (£751k as at 30 April 2025) of the Scheme’s invested assets were invested in assets with voting rights attached. Given the Scheme’s time horizon to buy-out and plans to reduce the allocation over time, the Trustees decided not to set stewardship priorities. However, the Trustees take the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

### How voting and engagement/stewardship 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 (except for the segregated LDI mandate), and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers. The Scheme’s segregated LDI mandate with Schroders has no voting rights and limited ability to engage with key stakeholders given the nature of the underlying investments.
- The Trustees receive and review voting information and engagement policies from both the asset managers and investment advisor (summarised in this report). The Trustees believe that the voting and

engagement activities undertaken by the asset managers on their behalf have been in the best interests of the Scheme.

- While the Trustees consider stewardship priorities/themes for the Scheme, they rely on the voting policy of their asset managers. The Trustees are comfortable that the asset managers' voting behaviours were broadly aligned with the Scheme's stewardship beliefs.

**Prepared by the Trustees of the Macfarlane Group PLC Pension & Life Assurance Scheme (1974)  
June 2025**

## 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 2025. The LDI mandate with Schroders and the Scheme's credit holdings with Schroders, M&G and TwentyFour have no voting rights. Therefore, no voting data is presented in the table below.

Manager	Ruffer
<b>Fund name</b>	Absolute Return 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>	68
<b>No. of eligible votes</b>	1,134
<b>% of resolutions voted</b>	100.0%
<b>% of resolutions abstained<sup>1</sup></b>	0.1%
<b>% of resolutions voted with management<sup>1</sup></b>	96.9%
<b>% of resolutions voted against management<sup>1</sup></b>	3.0%
<b>Proxy voting advisor employed<sup>1</sup></b>	Institutional Shareholder Services (ISS). Ruffer have developed their own internal voting guidelines, however Ruffer take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer are cognisant of proxy advisers' voting recommendations, Ruffer does not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares.
<b>% of resolutions voted against proxy voter recommendation</b>	4.3%

## 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. 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, this reflects the de-risked investment strategy and short expected time horizon for the Scheme. 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

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

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.

Ruffer have provided 10 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

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

### Ruffer, Absolute Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Bank of America	Amazon	Deere & Co
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.15%	0.57%	0.28%
<b>Summary of the resolution</b>	Energy Transition – Reporting on clean energy supply financing ratio	Human labour rights	Workforce diversity and inclusion
<b>How the manager voted</b>	Against	For	Against

#### Rationale for the voting decision

Ruffer voted against ISS recommendation and in line with management for the request of a report on clean energy supply financing ratio. This was because Ruffer believe Bank of America is committed to its Net Zero targets and provides much of the necessary data to support this. While Ruffer support enhanced disclosures more broadly, the proponent's required ratio is already available via a third-party (Bloomberg). Hence, in support of greater uniformity within the responsible investing space, Ruffer feel a vote against this proposal was the best option rather than company itself calculating this ratio with a possibly varying methodology.

Ruffer voted in favour of a shareholders resolution requesting the Board of Directors to commission an independent third-party report, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. Our support for the resolution is based on the belief that such a report may highlight some concerning issues that may protect Amazon from future reputational damage.

Ruffer chose to vote against a shareholder resolution requesting a report on the statistical differences in hiring across race and gender at Deere & Co. Ruffer find Deere's disclosure related to its workforce (which includes three calendar years of comprehensive metrics), coupled with its array of policies related to its respect for human rights (including Code of Business Conduct, Supplier Code of Conduct, Dealer Code of Conduct, and John Deere's Support of Human Rights in Our Business Practices), signal there is little to be gained from additional reporting. Comparing Deere's diversity in race and ethnicity relative to the US Census suggest there are marginal differences which may reflect the global footprint of its business. Further, in the company's hiring and development, Deere aims to attract and hire the best talent to innovate and solve our customers' biggest challenges.

	Vote 1	Vote 2	Vote 3
<b>Outcome of the vote</b>	The resolution failed	The resolution failed	The resolution failed
<b>Implications of the outcome</b>	Ruffer will continue to monitor the company.	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.	Ruffer will continue to monitor and engage with the company.
<b>Criteria on which the vote is considered "significant"</b>	Ruffer defines significant vote as: Any vote against management or against an ISS recommendation; any vote in breach of criteria included in Ruffer's internal voting guidelines; any shareholder resolution; any climate related resolution; any management-proposed climate-related resolution or dissident shareholder slate (US only).	Ruffer defines significant vote as: Any vote against management or against an ISS recommendation; any vote in breach of criteria included in Ruffer's internal voting guidelines; any shareholder resolution; any climate related resolution; any management-proposed climate-related resolution or dissident shareholder slate (US only).	Ruffer believe this vote will be of particular interest to their clients. Ruffer analyse and support companies in conducting business transactions that are in the best interest of shareholders.

## 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 portfolio due to the nature of the underlying holdings, so engagement information for these assets has not been shown. Schroders do not currently produce engagement reports for the Securitised Credit Fund due to the nature of the fund meaning there is limited ability to engage with stakeholders so this fund has also been excluded.

Manager	Ruffer	M&G	TwentyFour	Schroders
<b>Fund name</b>	Absolute Return Fund	Sustainable Total Return Credit Fund	Strategic Income Fund	Buy & Maintain Credit (2018-2023) Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	38	20	185	109
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	29	12	170	47
<b>Number of engagements undertaken at a firm level in the year</b>	48	411	400	4,713

## Examples of engagement activity undertaken over the year to 30 April 2025

Please note that the below engagement examples are provided on a firm level, with the exception of M&G, TwentFour and Schroders. Therefore, these examples have been provided for illustrative purposes and may not be directly relevant to the Scheme's holdings.

### Ruffer, Absolute Return Fund

**Name of entity engaged:** Ryanair

**Type of engagement:** Firm level

**Topic:** Sustainability

**Rationale for engagement:** The objective of the engagement was to:

- To discuss the company's efforts on the use of sustainable aviation fuel (SAF) ;
- to ask for an update on emissions reduction targets being validated by the Science Based Targets initiative (SBTi)
- to discuss the company's partnership with Trinity College Dublin to leverage research and development on carbon savings in feedstock and SAF certification  
to encourage clearer disclosure of the SAF percentage uplift figure and lifecycle carbon intensity so that the market can observe progress more clearly

**Outcomes and next steps:** On SBTi, the company said it had formally submitted its targets, but the validation process was slow-moving. Ryanair had been engaging with SBTi when guidance for the aviation sector was being prepared. The company gave a detailed update on its partnership with Trinity College Dublin, and how research was focused on getting a better understanding of CO2 savings in feedstock. On better disclosures around SAF uplift figures, Ruffer explained that, whilst Ruffer can infer the numbers from CDP disclosures, it would help investors if the company published data itself. Ryanair said it would likely be required to include SAF uplift figures in its Sustainability Report given the incoming Corporate Sustainability Reporting Directive (CSRD) regulations

Ruffer remain impressed by the company's approach to SAF and emission reductions more broadly and think it is well placed to reinforce its competitive advantage through the transition. Ruffer will monitor the company's disclosures as well as the SBTi database for an update on the validation of Ryanair's emissions reduction targets. Ruffer will also wait to see whether the next Sustainability Report considers their requests for better data disclosures.

### M&G, Sustainable Total Return Credit Fund

**Name of entity engaged:** YARA INTERNATIONAL ASA

**Type of engagement:** Fund-level

**Topic:** Environment - Net Zero/Decarbonisation (including Net Zero Commitments and Climate Transition Plans)

**Rationale for engagement:** To ask Yara, the global chemical company, to set Metrics and milestones to measure progress against 2025 and 2030 targets on specific abatement levers, update on the SBTi application process, Yara's position on Just Transition and Yara's policy advocacy mapping exercise.

**Actions:** M&G with its NZEI co-leads, met with Yara's Head of Responsible Investment and Head of IR.

**Outcomes and next steps:** Yara has submitted its 2030 emissions targets in 2022, defining nitrate emissions as Scope 1 and urea as Scope 3, in line with current SBTi expectations. The company has prepared Scope 3 data, though it has not yet been disclosed, and is already using soil and precipitation data to map emissions hotspots and plan mitigation efforts. A capital expenditure budget of approximately \$200–300 million has been set, though green actions within this are not specifically disclosed. Yara has completed mapping of 140 advocacy organisations with no red flags identified and currently follows OECD guidelines on Just Transition, although no formal principles have been adopted.

Yara plans to publish a transition plan in 2024, with a version released before the AGM in March/April 2025 outlining actions to meet targets. The company is awaiting project maturation before sharing more granular information on abatement levers and is reviewing how to provide capex guidance while maintaining confidentiality. Disclosure of Scope 3 emissions data is expected in due course, and Yara is considering a 2035 target but requires a suitable measurement framework before committing. Upstream emissions work is ongoing, though full third-party ammonia data is not yet available. Yara intends to test the feasibility of updating its advocacy mapping and continues to engage with SBTi on treating CO<sub>2</sub> and nitrous oxide separately within targets.

## TwentyFour, Strategic Income Fund

**Name of entity engaged:** BNP

**Type of engagement:** Fund-level

**Topic:** Social – Inequality

**Rationale for engagement:** TwentyFour reached out to BNP regarding their gender pay gap which they publish for the UK. The figure is on the high side compared to peers at 37.8% and has also increased rather than decreased in the past year. The engagement is linked to the Reduced Inequalities UN SDG.

**Actions:** The BNP Investor Relations team (IR) provided insights into why the pay gap remains high. They explained that there are more men in senior positions and front office/technical roles, which also contributes to the high gender bonus pay gap. IR highlighted that BNP's London branch is on par with the industry average, comparing to companies like Barclays UK and HSBC UK, and is better positioned than Goldman Sachs UK.

To address the gender pay gap, IR outlined several initiatives focused on recruitment and early career development aimed at achieving a 1-to-1 gender balance. Additionally, they have numerous DE&I committee efforts in place to tackle these issues..

**Outcomes and next steps:** The response from BNP is satisfactory, indicating awareness and initial steps to address the gender pay gap. However, there is significant scope for improvement, and achieving meaningful change will take time. TwentyFour will continue to monitor their progress.

## Schroders, Buy & Maintain Credit (2018-2023) Fund

**Name of entity engaged:** Motability

**Type of engagement:** Fund-level

**Topic:** Corporate governance

**Rationale for the engagement:** Motability Operations Group was chosen as an example of governance challenges, particularly concerning vulnerable customers. Between 2008 and 2015, the company overcharged disabled motorists while awarding million pounds in bonuses to senior management. Schroders sought to evaluate Motability's governance framework and ensure that appropriate safeguards were in place, reflecting our commitment to high governance standards and fair treatment of stakeholders.

**Actions:** Schroders engagement involved a detailed review of Motability's corporate governance structures. In June 2023, Schroders spoke with the company's Chief Financial Officer and Head of Treasury to understand the existing oversight mechanisms, executive remuneration policies, and any steps taken to prevent further overcharging. Despite these discussions, our analyst maintained a laggard governance score, indicating ongoing concerns about the lack of a formal regulator or competitor.

**Outcomes and next steps:** As governance shortcomings remained, Schroders removed Motability from their Buy and Maintain buy list and any new investments were restricted. Schroders also sold all existing holdings across their portfolios to reflect heightened concerns. Schroders will continue to monitor Motability's governance developments and remain open to reconsidering our position if meaningful reforms are introduced.