

Annual implementation statement for the year ending 31 December 2022

Belden (UK) Pension Plan

Introduction

This is the annual implementation statement prepared by the Trustee of the Belden (UK) Pension Plan (“the Trustee” of “the Plan”) covering the Plan’s year to 31 December 2022.

The purpose of this statement is to:

- set out how and the extent to which, in the opinion of the Trustee, the policy on engagement and voting as set out in the Plan’s statement of investment principles (“SIP”) has been followed during the year; and
- describe the voting behaviour undertaken on the shares the Plan held (including the most significant votes made on behalf of the Trustee) and any use of a proxy voter over the year.

A copy of this implementation statement will be included in the Trustee’s annual report and accounts for the year to 31 December 2022 and made available on the Belden UK company website (<https://www.belden.com/about/careers/careers-in-emea>).

Review of the SIP and changes made during the Plan year

The SIP is a document which outlines the Trustee policies with respect to various aspects related to investing and managing the Plan’s assets including but not limited to investment managers, portfolio construction and risks. The latest version of the SIP can be found on the Belden UK company website (using the same link as above). This statement reflects the Plan year from 1 January 2022 to 31 December 2022. The SIP linked above is the latest version, dated September 2020. No changes were made to the SIP during the Plan year.

How the Trustee has adhered to its voting and engagement policy

As set out in the SIP, the Trustee delegates primary responsibility for corporate engagement activities to the Plan’s sole investment manager, Legal & General Investment Management (“LGIM”). LGIM is signed up to the UK FRC Stewardship Code and the Trustee, via its investment consultant, monitors LGIM’s adherence to that code. The Trustee provided a copy of the SIP to LGIM during the Plan year, and the Trustee also regularly reviews LGIM’s performance against the long-term target the Plan has set as part of quarterly investment reporting.

Voting information

The assets of the Plan are all held in three different pooled funds – a corporate bond fund, an index-linked gilt fund and a diversified fund. The Trustee’s focus for voting rights within this implementation statement is on the diversified fund as the other two funds do not carry voting rights.

The Plan’s equity holdings as at the end of the year are held in pooled investment funds (in the diversified fund). Therefore, the voting entitlements in these funds lie with LGIM as the investment manager.

The Trustee’s view is that environmental, social and governance (“ESG”) factors can have an impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors into the Plan’s investment strategy is in the best long-term financial interests of its members. Members’ views have not been explicitly sought on this at the current point in time.

As set out in the SIP, the Trustee's policy is to delegate the exercising of rights (including voting and stewardship) and the integration of ESG considerations in day-to-day decisions to LGIM. This section sets out the voting activities of LGIM over the year, including details of LGIM's use of proxy voting.

The Trustee receives regular updates on LGIM's performance that are discussed at each meeting. The Trustee also receives updates as and when there are any changes to LGIM's research ratings, including if there was a change in the ESG ratings.

LGIM has a set of voting policies that drive the voting decisions, as well as policy documents in relation to corporate governance and responsible investment and conflicts of interest. These policies and documents are reviewed by LGIM annually and take into account client feedback. LGIM 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. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. LGIM's investment stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions.

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

LGIM retains 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with voting policies by service providers. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Summary of voting over the year to 31 December 2022

The Trustee believes LGIM have a strong engagement process. A summary of the voting on behalf of the Plan over the year to 31 December 2022 is provided in the table below:

Number of meetings eligible to vote	9,567
Number of votes eligible	98,795
% of votes exercised (of those eligible to vote)	99.80%
% of votes with management (of those eligible to vote)	77.42%
% of votes against management (of those eligible to vote)	21.88%
% abstained (of those eligible to vote)	0.70%
% of meetings (of those where at least one vote was cast) where the vote was against management at least once	72.12%
% of resolutions (on which a vote was cast) where the vote was contrary to the recommendation of the proxy adviser	12.46%

Significant votes

LGIM determined 605 votes over the year to be "most significant". Of these, 533 were concerned with the election and re-election of various directors, chairs and members of the supervisory board of which LGIM voted with management for 437 of these votes, against management for 3, and abstained from 93.

Of the 72 remaining significant votes:

In 35 of the significant votes, LGIM voted with management in relation to:

- climate action plan, climate change report, net zero action reports and climate and energy transition plans (22 votes)
- financial statements (4 votes)
- report of the board of directors (8 votes)
- executive remuneration (1 vote)

In 37 of the significant votes, LGIM voted against management in relation to:

- requiring an independent board chair (27 votes)
- amending articles to disclose greenhouse gas emission reduction targets and transition plan aligned with the goals of the Paris Agreement (5 votes)
- report on civil rights audit (1 vote)
- report on physical risks of climate change and climate risk management (3 votes)
- report on public health costs of antibiotic use (1 vote)

Some selected significant votes are:

Company: Apple Inc

Meeting date: 4 March 2022

Shareholder resolution: Company's board to conduct a third-party audit examining policies and provide recommendations to improve its civil rights impact

How LGIM voted: For

Outcome: Pass (53.6% of votes were for the resolution)

Why it was significant: This was a shareholder resolution, asking Apple to carry out a third-party civil rights audit due to shareholder beliefs that Apple can improve how it deals with issues such as gender pay equity, leadership diversity and privacy. The vote was considered significant given the resolution aims to enhance diversity and inclusion which the Trustee views as an important issue, and since it is rare for the shareholders of this company to vote against management's recommendation, as well as the fact it is rare for more than 50% of shareholders voting against management, with LGIM's vote on behalf of the Trustee helping to ensure the audit will take place.

Company: Royal Dutch Shell Plc

Meeting date: 24 May 2022

Management resolution: Company's board requesting approval of its energy transition progress report

How LGIM voted: Against

Outcome: Pass (79.9% votes supported the resolution)

Why it was significant: This was a management resolution, presenting Shell's climate transition report. Whilst progress had been made in terms of reducing operational emissions by 2030 and clarity over the level of investment in low carbon products, LGIM had concerns over the continued production of oil and gas. LGIM believed that the report would benefit from more information around the emission targets within a greater proportion of the supply chain. The vote was considered significant as it is an escalation of LGIM's climate-related engagement activity and public call for high quality and credible transition plans.

Company: Sempra Energy

Meeting date: 13 May 2022

Shareholder resolution: Require an independent board chair

How LGIM voted: For

Outcome: Fail (37.9% votes supported the resolution)

Why it was significant: This was a shareholder resolution, requiring the company to have an independent board chair. Having an independent board chair is part of LGIM's vote policy on the combination of chair and

CEO roles. The vote was considered significant given the small margin by which the shareholder resolution failed and hence the lack of independence on the board.

Company: Mitsubishi Corporation

Meeting date: 24 June 2022

Shareholder resolution: Amend articles to disclose greenhouse gas emission reduction targets are aligned with goals of the Paris Agreement

How LGIM voted: For

Outcome: Fail (20.2% votes supported the resolution)

Why it was significant: LGIM voted for the resolution, as LGIM expects companies to be taking sufficient action on climate change. The vote was considered significant given the size of the shareholder revolt, and the fact that the failure of this resolution to pass despite LGIM's support means it is likely that LGIM will continue to lobby for its investees to produce high quality and credible climate transition plans.

Company: Sumitomo Mitsui Financial Group, Inc.

Meeting date: 29 June 2022

Shareholder resolution: Amend articles to disclose measures to be taken to make sure that the company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure

How LGIM voted: For

Outcome: Fail (10% votes supported the resolution)

Why it was significant: Despite having positive engagement with the company on climate issues, LGIM voted for the shareholder resolution to further encourage the company to take further steps. The vote was considered significant due to the shareholder revolt, and the fact that the failure of this resolution to pass likely means LGIM will continue to provide opinions and assistance in formulating the company's approach.

Company: Korea Electric Power Corp.

Meeting date: 29 March 2022

Management resolution: Approve financial statements and allocation of income

How LGIM voted: Against

Outcome: Not available

Why it was significant: LGIM voted against the management resolution, due to the company not meeting LGIM's engagement requests in relation to climate change. This vote was considered significant as it was applied as part of LGIM's "Climate Impact Pledge", and the Trustee supports LGIM's active engagement and desire to hold companies accountable when they fail to respond to engagement.

In the Trustee's opinion, the SIP has been followed during the year to 31 December 2022 in relation to voting and engagement policy.

The Trustee of the Belden (UK) Pension Plan

June 2023

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