Annual Implementation Statement – for scheme year ending 5 April 2025

Valspar UK Pension Plan

Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Valspar UK Pension Plan (the "Plan") covering the scheme year to 5 April 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 Plan's Statement of Investment Principles ("SIP") has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website https://www.valsparpaint.co.uk/valspar-uk-pension-plan/.

This statement does not cover the Plan's Additional Voluntary Contribution (AVC) investments.

Trustees' voting and engagement policy

The Trustees have delegated all day-to-day investment decisions to the Plan's sole investment manager – Legal & General Investment Management ("Legal & General"). The Plan's assets are entirely passively managed and invested in Legal & General pooled arrangements.

Due to the passive nature of the Plan's investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Plan's investment manager is signed up to the UK FRC Stewardship Code. The Trustees encourage Legal & General to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustees will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustees receive regular updates from the investment consultant on the investment manager's performance and whether there have been any changes to the investment manager's research ratings. This is discussed at Trustees' meetings together with whether the manager is performing in line with the Plan's objectives.

In addition, the Trustees review Legal & General's annual Active Ownership report and quarterly Environmental, Social and Governance (ESG) Impact reports, the latest being for 2024 and Q1 2025, respectively. Over the year, Legal & General focused on the following key themes: policy, advocacy and collaboration; environment; diversity. The Trustees are satisfied that the manager is engaging with investee companies in a manner aligned with the Plan's long-term investment objectives.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Summary of voting over the year

The Plan's equity investments are managed by Legal & General via pooled funds, all on an index-tracking basis. Given the indexed nature of the mandates, Legal & General are limited by the equities they must hold in the portfolio, but the Trustees believe they have a strong engagement process.

A summary of the voting on behalf of the Plan is provided in the table below. As the voting data as at 5 April 2025 is not available, the data provided below is as at 31 March 2025.

Fund	Number of votes eligible to cast	% of votes exercised	% of votes with management	% of votes against management	% abstained
Legal & General UK Equity Fund	10,134	100.0%	93.8%	6.2%	0.0%
Legal & General World (ex-UK) Equity Fund	33,434	99.7%	77.9%	21.8%	0.3%

Totals may not sum due to rounding.

As a hedged Share Class of the Legal & General World (ex-UK) Equity Fund, voting for the Legal & General World (ex-UK) Equity Fund GBP Hedged fund was as described above.

Voting information on the Plan's bond funds is not provided as the vast majority of loan and debt securities do not come with voting rights.

Significant votes

The table below demonstrates the most significant votes cast on behalf of the Plan over the year to 31 March 2025. The significant votes chosen are those for the companies who make up the largest holdings within each equity fund:

Fund	Significant votes cast
Legal & General UK Equity Fund	**Company: Shell PlcSize of holding: 7.7%** **Management resolution:** Resolution 22: Approve the Shell Energy Transition Strategy **How the manager voted**: Against (Against Management Recommendation). **Rationale for the voting decision**: Legal and General acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonization. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy. **Outcome:** Vote passed

Legal & General World (ex-UK) Equity Fund	**Company: Microsoft Corporation** **Size of holding: 4.3%** **Management resolution**: Resolution 9: report on AI Data Sourcing Accountability **How the manager voted**: For (Against Management Recommendation). **Rationale for the voting decision**: Legal & General believed a vote for the resolution was warranted as the company is facing increased legal and reputation 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. **Outcome:** FAILED. 29% of shareholders supported the resolution.

As a hedged Share Class of the Legal & General World (ex-UK) Equity Fund, voting over the year and significant votes for the Legal & General World (ex-UK) Equity Fund GBP Hedged fund was as described above.