

Implementation Statement

Farrel Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Farrel Limited Retirement Benefits Scheme ("the Scheme")** to set out the following information over the year to **5 April 2025**:



how the Trustees' policies on exercising rights and engagement activities have been followed over the year.

The engagement data is not given over the Scheme year end to 5 April 2025 because investment managers only report on this data quarterly, the Trustees have therefore given the information over the year to 31 March 2025.



Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented. The Scheme's investment manager has demonstrated transparency in their engagement activities, and the Trustees believe that these activities reasonably align with the with the stewardship priorities of the Scheme.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 5 April 2025 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment manager on the Trustees' behalf. In doing so, the Trustees expect that the investment manager will use their influence as a major institutional investor to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The SIP was last reviewed in March 2024 and has been made available online here under Farrel Ltd UK:

<https://www.hf-mixinggroup.com/en/group/locations/>

Following a training session and consideration of a number of different themes, the Trustees set the following stewardship priorities for the Scheme: climate change; board ethics and governance; and diversity, equality and inclusion. The Trustees believe that these factors may be financially material for the Scheme.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment manager, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment manager.
- The Trustees, and the manager of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.
- The Trustees have reviewed and will continue to review the ESG policies of their investment manager, Legal and General Asset Management (L&G). The Trustees have noted that the investment manager considers risks within their investment due diligence processes and take the view that proper management of ESG risks leads to better long-term outcomes for all shareholders.
- Having reviewed the data presented below and in accordance with their policies, the Trustees are comfortable with the actions of the investment manager are in alignment with the Scheme's engagement policies.

**Prepared by the Trustees of the Farrel Limited Retirement Benefits Scheme
July 2025**


Voting Data

At the year-end, the Scheme invests entirely across bond and cash funds. Voting is not applicable to these funds as they invest only in fixed income assets, which have no voting rights. Therefore, no voting data is presented for the purpose of this Implementation Statement.


Engagement

The Trustees consider it a part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Scheme. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

L&G Asset Management

Fund name	Maturing Buy and Maintain Credit Fund 2035-2039	Maturing Buy and Maintain Credit Fund 2040-2054
Number of engagements undertaken on behalf of the holdings in this fund in the year	174	201
Number of entities engaged on behalf of the holdings in this fund in the year	91	111
Number of engagements undertaken at a firm level in the year		4,459



Examples of engagement activity undertaken over the year to 31 March 2025

L&G were unable to provide fund-level engagement examples, so the examples below are on a firm-level, selected for each stewardship priority.

L&G – Arcelor Mittal

Stewardship priority: Climate Change

L&G have been engaging with Arcelor Mittal on climate change since 2020 and have been in regular contact with the company, regarding the steps they are taking to decarbonise the business.

A member of the Investment Stewardship team attended a site visit to Arcelor Mittal's Sestao steel plant to learn about and observe their decarbonisation technologies. The aim of the visit was to understand the steps they are taking, as well as the challenges they face as a company in reaching net zero.

Following the site visit, L&G noted the role of policy and demand creation in shaping decarbonisation efforts, which emphasises the importance of continuing to broaden their engagement across value chains and continuing to use influence as an asset manager to encourage effective decarbonisation at the policy level.

L&G - Qantas

Stewardship priority: Board ethics and governance

L&G have been engaging with Qantas since 2020, as the Australian airline has faced a number of controversies over its treatment of customers and staff during the pandemic, for both of which the company has been ordered through legal action to provide redress. The controversies highlighted governance issues, including over-boarding (time commitment of directors), succession, and remuneration.

L&G met with Qantas four times during 2024, including discussion with the new Chair. Since the controversies, both the board Chair and the Chair of the Remuneration Committee have been replaced, and the board had undergone a degree of refreshment. L&G's discussions with Qantas provided a closer understanding of the stability of the board, and the steps taken by the remuneration committee to hold directors accountable.

L&G noted the changes to the board and new steps being taken are encouraging, though they continue to monitor a number of areas.

L&G – Ethnic diversity at board level

Stewardship priority: Diversity, equality and inclusion

L&G launched their engagement campaign on ethnic diversity in 2020, initially reaching out to the largest 100 companies in the UK and the largest 500 companies in the US to discuss ethnic diversity at board level. The request was that they should have ethnically diverse representation at board level by 2021. L&G have been voting against the re-election of the Chair or the Chair of the nomination committee at companies in these indices that do not meet these expectations in 2024. L&G announced in 2023 that they were extending their campaign to the FTSE 250 and Russell 1000 companies, allowing the smaller companies to meet expectations by 2024. In the final quarter of 2024, L&G wrote to those not meeting expectations to indicate that they had identified them as not meeting expectations and therefore being potentially subject to a vote against the Chair's re-election.