

McAlpine & Company Limited Works Retirement Benefits Scheme –Implementation Statement (1 May 2023 to 30 April 2024)

The purpose of this statement is to:

- set out how, and the extent to which, in the opinion of the Trustee, the Scheme's policies on stewardship have been followed during the Scheme Year; and
- describe the voting behaviour carried out by the investment managers on the Trustee's behalf during the Scheme Year (including the most significant votes cast on its behalf) and describe any use of the services of a proxy voter during the Scheme Year.

This Statement covers the period 1 May 2023 to 30 April 2024.

A discretionary portfolio is managed by Stephen Ritchie, Investment Director of Brooks MacDonald in Edinburgh. The scheme strategic asset allocation is as follows:

Asset Class	Target Allocation	Control Range
UK Equity	8.10%	15-25%
Overseas Equity	17.27%	20-30%
Fixed Interest	66.01%	30-40%
Property	1.33%	0-10%
Infrastructure Funds	1.32%	0-5%
Commodities	0.79%	0-5%
Absolute Return Funds	0.94%	0-5%
Structured Products	3.22%	0-5%
Cash	1.02%	0-5%
Total	100%	100%

There have been no changes to the investment managers over the year.

In preparation for a potential purchase of a bulk annuity policy, the Trustees agreed to move into an overweight position in Fixed Interest assets relative to their SIP. The SIP is currently being reviewed and will be updated in due course.

Scheme Governance

The Trustees are responsible for making investment decisions and seeks advice from Strategic Asset Managers Ltd ('SAM'), as the Trustees' investment adviser.

The Trustees do not actively obtain views of the membership of the Scheme to help form their policies set out in the SIP.

There were no changes to the objectives put in place for SAM which were last reviewed in December 2022. The Trustees are due to formally review these objectives by December 2023, or earlier.

Statement of Investment Principles

The Trustees last reviewed the Statement of Investment Principles {SIP} in October 2021.

The Trustees have a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change.

In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the SIP.

There were no departures from the policies set out in the SIP (other than those noted

above), including the Trustees' policies on financially and non-financially material considerations, during the year.

Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes it is investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds as well as direct equities and gilts. The Trustees acknowledge that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect its investment manager and investment adviser to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with its responsibilities to the members of the Scheme with the help of its investment adviser.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new fund managers and these policies are also reviewed regularly for existing fund managers with the help of the investment adviser. The Trustees will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- Use ESG ratings information provided by its investment adviser, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that the Scheme investment manager provides information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment adviser.

If the Trustees determine that financially material considerations have not been factored into the investment manager's process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

The Trustees have not considered non-financially material matters in the selection, retention, and realisation of investments.

Voting and Engagement Policy

The Trustees policy on stewardship is as set out below in the SIP:

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment manager's voting policies, with the help of its investment adviser, and decide if they are appropriate.

The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest. The Trustee, through its investment adviser, will monitor this. The investment adviser will request annual reports from the manager identifying how they have engaged with the investee companies and managed conflicts of interest issues and report back to the Trustee.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of its investment adviser, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expects investment managers to adhere to this where appropriate for the investments they manage.

Exercise of voting rights

The voting activity was requested from the Scheme's investment manager, Brooks Macdonald. Brooks Macdonald's quarterly voting activity can be found via the link – while the periods covered do not precisely match the Scheme's financial year, the Trustees are content that this information is sufficient to monitor the manager's voting activity.

The reports only provide voting information on direct holdings. No information is currently available on the voting activity of pooled funds invested in by Brooks Macdonald on behalf of the Trustees.

<https://www.brooksmacdonald.com/individuals/about-us/stewardship/voting>