

## Implementation Statement

### Horwath Clark Whitehill Staff Pension Plan

This Implementation Statement has been prepared by the Trustees of the Horwath Clark Whitehill Staff Pension Plan ("the Plan") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year to 30 June 2021.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 30 June 2021.

#### How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustees from time to time. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realisation of investments where appropriate.

The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximize shareholder value as a long-term investor. Legal & General, who manage the vast majority of Plan assets, attended the 14 July 2021 meeting to discuss their stewardship and voting approach. The Trustees gained comfort from this update that their policies were reasonable in the context of Plan's strategies as a whole. The Trustees also reviewed stewardship reports for both LGIM and BNY Mellon as part of the formation of this statement, and combined with the other information provided by the managers, were comfortable that the actions of the fund managers were broadly in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Horwath Clark Whitehill Staff Pension Plan**

**November 2021**

## Voting Data

Voting only applies to funds that hold equities in their portfolio. The Plan's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees. Legal & General's Active Corporate Bond Fund, Matching Core Liability Driven Investment (LDI) Funds, and Sterling Liquidity Fund do not participate in voting activities on behalf of the holdings in the funds. However, these funds still undergo engagement activities which are monitored as per the Trustees' policies.

The table below provides a summary of the voting activity undertaken by each manager over the year to 30 June 2021, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

Manager	BNY Mellon	LGIM	LGIM	LGIM
<b>Fund name</b>	Real Return Fund	UK Equity Index Fund	World (ex UK) Equity Index Fund and GBP Hedged Fund	World Emerging Markets Equities 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>Number of company meetings the manager was eligible to vote at over the year</b>	115	793	2,752	3,907
<b>Number of resolutions the manager was eligible to vote on over the year</b>	1,585	10,918	32,674	35,672
<b>Percentage of resolutions the manager voted on</b>	98.60%	100.00%	99.84%	99.79%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	84.80%	92.63%	79.74%	84.09%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	15.20%	7.37%	19.37%	14.07%

Manager	BNY Mellon	LGIM	LGIM	LGIM
<b>Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on</b>	0.00%	0.00%	0.89%	1.84%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	11.60%	5.44%	13.60%	5.72%
<b>Proxy advisor used</b>	Institutional Shareholder Services (ISS) - Both LGIM and BNY Mellon use Institutional Shareholder Services' (ISS) proxy voting service and all voting decisions are made by the respective internal team at each manager.			

## Significant votes

A summary of the data provided by the investment managers is set out below.

### BNY Mellon, Real Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	CME Group Inc.	Citigroup Inc.	AstraZeneca Plc
<b>Date of vote</b>	05/05/2021	27/04/2021	11/05/2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.30%	1.20%	1.45%
<b>Summary of the resolution</b>	Elect Director x6, Advisory Vote to Ratify Named Executive Officers' Compensation	Amend Proxy Access Right	Elect Director x4, Approve Remuneration Policy, Amend Restricted Stock Plan
<b>How the manager voted</b>	Against	Against management proposals and for the shareholder proposal	Against

	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	BNY Mellon voted against the executive officers' compensation arrangements owing to a significant proportion of the long-term pay awards not being subject to performance. In light of this, they also voted against the members of the compensation committee.	BNY Mellon voted in favour of one shareholder resolution that management recommended voting against. This was in relation to improving minority shareholder rights by way of providing shareholders with access to propose directors for election to the company's board.	Votes were instructed against the remuneration policy, a new performance share plan, and members of the remuneration committee. BNY Mellon did not consider that the company had provided the necessary justification for significant increase in the variable pay awards that were granted to senior executives.
<b>Outcome of the vote</b>	5.5%, 5.7%, 6.1%, 1.7%, 1%, 7.3% AGAINST Elect Directors, 9.4% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation	32.1% FOR Amend Proxy Access Right	3.4%, 1.3%, 2%, 26% AGAINST Elect Director, 39.8% AGAINST Approve Remuneration Policy, 38.3% AGAINST Amend Restricted Stock Plan
<b>Implications of the outcome</b>	The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, BNY Mellon expect the company will be open to suggestions from investors as this subject is being scrutinised increasingly by US-based shareholders.	The vote outcome, while not a majority, will be understood by the board as a matter of significant interest to the company's shareholders. It is a matter that should be addressed to avoid a further or increased public demonstration of concern.	UK best practice recognises that shareholder dissent in excess of 20% on remuneration-related proposals is significant and should result in proactive steps being taken by the company. In this case, with almost 40% of votes against pay proposals, the company is expected to consult with shareholders to determine and address underlying concerns.
<b>Criteria on which the vote is considered "significant"</b>	Domestic investors in the US are expected to enhance their scrutiny of executive pay practices; with more focus on how pay structures are aligned with generating or supporting company performance.	This vote demonstrates the increased tendency of shareholders to vote in support of such proposals. In addition the actual level of support, at 32.1%, is considered significant.	The level of shareholder dissent merits this vote as significant.

## LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	EVRAZ Plc	John Menzies Plc	Domino's Pizza Group Plc
<b>Date of vote</b>	15/06/2021	14/05/2021	22/04/2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.15%	0.01%	0.07%
<b>Summary of the resolution</b>	Resolution 3 Re-elect Alexander Abramov as Director	Resolution 7 Re-elect Philipp Joeinig as Director	Resolution 5 Re-elect Matt Shattock as Director
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years, they have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, they apply voting sanctions to those FTSE 350 companies that do not have a minimum of 30% women on the board. LGIM also apply voting sanctions to the FTSE 100 companies that do not have 30% women on their executive committee. For smaller companies they expect at least one woman at board level.</p>	<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and they have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p>	<p>The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.</p>
<b>Outcome of the vote</b>	82.8% of shareholders supported the resolution.	82.4% of shareholders supported the resolution.	91.8% of shareholder supported the resolution.

	Vote 1	Vote 2	Vote 3
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.
<b>Criteria on which the vote is considered "significant"</b>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.

## LGIM, World (ex UK) Equity Index Fund and GBP Hedged version

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	American Tower Corporation	UOL Group Limited	Principal Financial Group, Inc.
<b>Date of vote</b>	26/05/2021	23/04/2021	18/05/2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.19%	0.05%	0.03%
<b>Summary of the resolution</b>	Resolution 1i Elect Director Pamela D.A. Reeve	Resolution 4 Elect Wee Cho Yaw as Director	Resolution 1.2 Elect Director Daniel J. Houston
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.	LGIM views gender diversity as a financially material issue for their clients. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of LGIM's efforts to influence their investee companies on having greater gender balance, they expect all companies in which LGIM invest globally to have at least one woman on their board. Please note LGIM have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets.	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO, and LGIM have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.
<b>Outcome of the vote</b>	94.7% of shareholder supported the resolution.	81.0% of shareholders supported the resolution.	94.7% of shareholders supported the resolution.

	Vote 1	Vote 2	Vote 3
<b>Implications of the outcome</b>	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage on this important ESG issue.
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

## LGIM, World Emerging Markets Equity Index

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Shandong Hualu-Hengsheng Chemical Co., Ltd.	PhosAgro PJSC	SAIC Motor Corp. Ltd.
<b>Date of vote</b>	22/04/2021	25/05/2021	30/06/2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.01%	0.01%	0.03%
<b>Summary of the resolution</b>	Resolution 12.1 Elect Chang Huaichun as Director	Resolution 1 Approve Annual Report	Resolution 20.1 Elect Chen Hong as Director
<b>How the manager voted</b>	LGIM voted against the resolution (against management)	Against	LGIM voted against the resolution (management recommendation: for).
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	<p>LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and they have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p>	<p>The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.</p>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years, LGIM have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, they expect all companies in which they invest globally to have at least one female on their board. Please note LGIM have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets. For further details, please refer to their vote policies on their website.</p>
<b>Outcome of the vote</b>	93.9% of shareholders supported the resolution.	99.7% of shareholder supported the resolution.	99.6% of shareholders supported the resolution.

	Vote 1	Vote 2	Vote 3
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

## Fund level engagement

Manager	BNY Mellon	LGIM
<b>Fund name</b>	Real Return Fund	UK Equity Index World (ex UK) Equity Index and GBP hedged World Emerging Markets Equity Index Active Corporate Bond – Over 10 Years Matching Core Real Short LDI Matching Core Real Long LDI Sterling Liquidity Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	71	This information was not provided as LGIM engage at a firm level as opposed to at a fund specific level.
<b>Number of engagements undertaken at a firm level in the year</b>	204	1,003

### Examples of engagements undertaken with holdings in the fund

**United Airlines** (climate change): BNY Mellon asked the company about its strategy with regards to sustainable aviation fuel. While the company is fully committed to using the fuel, it explained that supply is limited but that they are working to improve supply growth, noting that government support is needed.

**Santander** (remuneration): BNY Mellon engaged with Santander on its 2025 targets across the ESG sectors. This included targets for a 0% gender pay gap, 30% of women in senior positions and €120bn to be raised and facilitated in green finance.

**Barclays, AIB & Intesa** (human capital management – Covid-19 response). BNY Mellon contacted 24 of the major leaders in Europe with the focus on understanding how lenders had helped to support their staff and customers through the crisis. They believe that many of the lenders responded rapidly and effectively.

The key engagement topics at a firm level over the year to 30 June 2021 were:

- Remuneration
- Climate change
- Board composition
- Diversity
- Public health
- Strategy.

An example is LGIM's engagement regarding The Proctor & Gamble Company (P&G) in response to concerns raised around the company's contribution to deforestation use to palm oil. LGIM endorsed the targets imposed by P&G to ensure their business does not impact deforestation, but feels they could be doing more and will continue to engage with them in future on this issue.