

Implementation Statement

Horwath Clark Whitehill Staff Pension Plan

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Horwath Clark Whitehill Staff Pension Plan ("the Plan")** to set out the following information over the year to **30 June 2024**:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Plan's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 30 June 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed on 1 July 2020 and has been made available online here: [Statement of Investment Principles \(crowe.com\)](#). The Plan is due to update the SIP post year-end to reflect changes to the investment strategy that were agreed over the year.

At this time, the Trustee has not set stewardship priorities / themes for the Plan but will be considering the extent that they wish to do this in due course, in line with other Plan risks.

How voting and engagement/stewardship policies have been followed

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

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers. The Trustees 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.
- Annually the Trustees receive and review voting information and engagement policies/reports on stewardship activities from the asset managers, which they review to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the Plan's best interests.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are broadly in alignment with the Plan's stewardship policies.

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

September 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's Growth Portfolio on behalf of the Trustees over the year to **30 June 2024**. The Plan's Protection Portfolio (made up of cash, LDI and corporate bonds) with Legal and General Investment Management (LGIM) has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	BNY Mellon		LGIM	
Fund name	Real Return Fund	UK Equity Index Fund	World (ex UK) Equity Index Fund and GBP Hedged Fund	World Emerging Markets Equities Fund
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
No. of eligible meetings	71	727	2,846	4,407
No. of eligible votes	1059	10,393	33,850	35,796
% of resolutions voted	99.2%	99.8%	99.7%	99.9%
% of resolutions abstained	0.0%	0.0%	0.3%	1.3%
% of resolutions voted with management¹	94.3%	94.3%	78.3%	79.3%
% of resolutions voted against management¹	5.7%	5.7%	21.5%	19.4%
Proxy voting advisor employed¹	BNY Mellon utilises an independent voting service provider for managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only if they recognise a potential material conflict of interest as described above that the recommendation of the external voting service provider will be applied.		LGIM's Investment Stewardship team 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. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.	
% of resolutions voted against proxy voter recommendation	5.2%	4.9%	15.7%	6.9%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a plan's stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the Plan, but will be considering the extent that they wish to do this in due course, in line with other Plan risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

BNY Mellon and LGIM have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Plan. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

BNY Mellon, Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	AstraZeneca PLC	Shell Plc	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.01%	1.76%	1.39%
Summary of the resolution	Approve Remuneration Report	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Commission a Third Party Audit on Working Conditions
How the manager voted	For	Against	For
Rationale for the voting decision	BNY Mellon decided to support the CEO pay package based on the CEO's proven track record of creating significant value for shareholders and turning around a company once considered beyond recovery. For many years, he has been compensated below global peers in the industry, despite his accomplishments, and has also hinted at possibly leaving previously. At this juncture, where execution is critical, BNY	BNY Mellon did not support a shareholder proposal for a report on GHG (greenhouse gas) emission-reduction targets aligned with the Paris Agreement as they believed the company has disclosed enough information for shareholders to assess the related risks. Moreover, the company has disclosed a partial Scope 3 target which is considered an appropriate response to the proponent's asks.	BNY Mellon voted for the shareholder proposal requesting a third-party audit on working conditions as they do consider it to add value for shareholders at this stage.

	Vote 1	Vote 2	Vote 3
	<p>Mellon want to avoid any potential disruptions that a change in leadership might bring. Their decision to support CEO pay aligns with their broader investment case for AZ, as they believe under Pascal's leadership, the company is well-positioned to continue executing on its strategic initiatives and delivering value to shareholders.</p>		
Outcome of the vote	95.3% For	81.4% Against	31% For
Implications of the outcome	<p>The level of support behind this vote signifies shareholder confidence in executive leadership at this juncture. It also brings the company closer to global peers regarding executive pay. BNY Mellon will continue to monitor performance to ensure it aligns with their interests as shareholders.</p>	<p>While BNY Mellon do find some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5 degree scenario would mean a significant loss of customers to competitors. Such a decision is best in the hands of management, and the disclosure of a partial Scope 3 target shows some responsiveness from the company to their concerns, tackling mainly the emissions it directly has control of. Shareholders have signalled a significant buy-in to management's strategy.</p>	<p>BNY Mellon consider the issue of working conditions material to the company, and the conclusion of an audit would help the board understand potential shortcomings and respond adequately to shareholder concerns. Moreover, this will support their engagement efforts with the company.</p>
Criteria on which the vote is considered "significant"	<p>BNY Mellon deem this vote as significant due to its strategic importance, impact on shareholder value, risk of leadership disruption, industry benchmarking, and strong shareholder support. It aligns with their investment case, emphasising the need to retain and compensate effective leadership.</p>	<p>As a significant GHG emitter, it is critical for Shell to have a credible transition plan.</p>	<p>The issue of working conditions is a material risk to understand and reign in for the company. It is also an engagement topic.</p>

LGIM, UK Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	London Stock Exchange Group Plc	Experian Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.66%	1.85%	1.18%
Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy	Resolution 4: Approve Remuneration Policy	Resolution 14: Re-elect Mike Rogers as Director
How the manager voted	Against	For	Against
Rationale for the voting decision	<p>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, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM 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 decarbonisation.</p> <p>Additionally, LGIM claim they would benefit from further transparency on lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capital expenditure allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales.</p>	<p>LGIM's support of the remuneration policy and the adoption of the EIP is in recognition of Mr Schwimmer's leadership in driving the company's performance, as well as acknowledging the competitive talent market in which the company operates.</p> <p>They will review Mr Schwimmer's pay package on an annual basis under the resolution for approval of the remuneration report and may apply a negative vote in the future should LGIM consider his pay no longer reflects company performance or evolving market norms.</p>	<p>Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives' officers to include at least 1 female.</p>
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	<p>Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem</p>	<p>High Profile meeting: This resolution is considered significant as LGIM overrode their custom vote policy on the basis of the engagement that they had with the company.</p>	<p>Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>

	Vote 1	Vote 2	Vote 3
	such votes to be significant, particularly when LGIM votes against the transition plan.		

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

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.38%	4.07%	2.30%
Summary of the resolution	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 6: Report on Customer Due Diligence
How the manager voted	Against	Against	For
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote against this proposal is warranted in LGIM's view, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Shareholder Resolution - Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Thematic - Board Leadership: 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.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	Pre-declaration and High-Profile Meeting: LGIM considers this vote significant as one of the largest companies and employers not only within its sector but in the world, they believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain.

LGIM, World Emerging Markets Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Tencent Holdings Limited	Reliance Industries Ltd.	Grupo Mexico S.A.B. de C.V.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.88%	1.55%	0.28%
Summary of the resolution	Resolution 3a: Elect Charles St Leger Searle as Director	Resolution 5: Approve Reappointment and Remuneration of Mukesh D. Ambani as Managing Director	Resolution 7: Elect and/or Ratify Directors; Verify Independence of Board Members; Elect or Ratify Chairmen and Members of Board Committees
How the manager voted	Against	Against	Against
Rationale for the voting decision	<p>Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.</p> <p>Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p>	<p>Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different, and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p>	<p>Bundled: A vote against this item is applied for the following reasons:</p> <ul style="list-style-type: none"> - The names of the director candidates are not disclosed; - The company's board lacks gender diversity; - The company has bundled the election of directors into a single voting item; and - Undisclosed bundled director election proposals disenfranchise shareholders voting by proxy.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	<p>Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting companies in climate-critical sectors.</p>	<p>Thematic - Board Leadership: 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).</p>	<p>Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

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

Manager	BNY Mellon		LGIM	
Fund name	Real Return Fund	UK Equity Index Fund	World (ex UK) Equity Index Fund and GBP Hedged Fund	World Emerging Markets Equities Fund
Number of entities engaged on behalf of the holdings in this fund in the year	9	264	1019	536
Number of engagements undertaken at a firm level in the year	37		5,003	

Examples of engagement activity undertaken over the year to 30 June 2024

LGIM: Firm level

The key engagement topics at a firm level over the year to 30 June 2024 included:

- Ethnic diversity
- Climate
- Water pollution
- Nutrition
- Deforestation

One example of LGIM's engagement is regarding Heidelberg's cement production. The cement industry needs to decarbonise significantly for the world to reach net zero, and the sector is included within the 'climate critical' sectors of their Climate Impact Pledge. The company believes it has an industry-leading decarbonisation policy as well as first mover advantage in carbon capture and storage (CCS). During Q3 2023, LGIM participated in discussions with Heidelberg's management team to discuss the progress and economic viability of the company's planned CCS projects. LGIM will continue to engage with the company as well as others in the cement industry on their decarbonisation targets and trajectory.

BNY Mellon, Real Return Fund

Shell PLC

BNY Mellon engaged with the company to emphasise the need for a Scope 3 target. They believe that having a Scope 3 target in absolute terms, at least for the proportion of emissions that the company directly controls, will help investors in assessing the credibility of its climate transition plan and would align its transition plan to some of its EU peers helping transition the company to the low-carbon world. Shell noted that the ask for a Scope 3 target is essentially an ask for an absolute Scope 3 target for transport. Shell is looking into this alongside a near-zero methane target as well as expanding on biofuels/transport sector/value chain understanding in disclosures for users, which, alongside LNG, would constitute a transition narrative that can get shareholder buy-in.

Nestle

BNY Mellon followed up on the company's commitment to (a) to set a target for healthy sales, which is planned for September, and (b) how it is setting its strategy to achieve this. The reason for the engagement is that concerns about the impact of unhealthy foods and drinks are increasingly resulting in shifts in consumer behaviour and in new regulation. BNY Mellon believe it is important for companies to manage these risks and opportunities and ensure their business models and strategies are both resilient and positioned to benefit from expected changes. They asked that the company discloses the overall 'healthiness' of its product portfolio using a recognised (government-endorsed) model (Nutrient Profiling Model) and are pleased with Nestle's response and public reporting on this, which involves significant work.

Amazon

BNY Mellon engaged with the company regarding its human capital management (HCM) and board effectiveness. While BNY Mellon are more confident in that there is some relevant HCM experience on the company's board, and the company was clear on which committee has ultimately oversight of HCM, BNY Mellon failed to gain clarity on what the strategic human capital priorities are, what the board's position is on the company's HCM strategy, what the risks/weaknesses are looking forward, how efforts on transparency relate to these and what metrics are key for it to track. While they see that there is a general positive direction of travel, they would expect more momentum and articulation of a clear strategy. BNY Mellon will continue to encourage additional transparency on oversight and strategy.