

Implementation Statement

Horwath Clark Whitehill Staff Pension Plan

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 2023**:

- 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 2023 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 \(crowe.com\)](https://www.crowe.com)

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 as part of their ongoing investment strategy review.

How voting and engagement 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 we review to ensure alignment with our 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 2023

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 2023, 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
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.			
Number of company meetings the manager was eligible to vote at over the year	69	691	2,839	3,984
Number of resolutions the manager was eligible to vote on over the year	1112	10,510	34,039	32,588
Percentage of resolutions the manager voted on	100.0%	99.93%	99.90%	99.91%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	92.40%	94.44%	77.88%	80.72%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	7.60%	5.56%	21.91%	18.11%

Manager	BNY Mellon	LGIM	LGIM	LGIM
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	0.00%	0.00%	0.20%	1.17%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	4.50%	4.33%	16.16%	6.94%
Proxy advisor used	<p>BNY Mellon utilises an independent voting service provider for the purposes of 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 in the event that they recognise a potential material conflict of interest as described above that the recommendation of the external voting service provider will be applied.</p>		<p>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.</p>	

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 scheme's stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Plan but will be considering the extent that they wish to do this as part of their ongoing strategy review. Therefore, for this Implementation Statement, the Trustees have delegated to the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

BNY Mellon and Legal & General have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from each manager to represent what it considers the most significant votes cast on behalf of the Plan- the votes of the largest holdings relating to each fund have been chosen as the most significant, as shown below.

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Unilever Plc	Lockheed Martin Corporation
Date of vote	23 May 2023	03 May 2023	27 April 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.03%	1.15%	0.99%
Summary of the resolution	Shareholder proposal to align the existing 2030 reduction target covering the Greenhouse Gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement.	Approve Remuneration Report.	Report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement goal.
How the manager voted	Against Management	Against Management	For Shareholder Proposal
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	No	No
Rationale for the voting decision	BNY Mellon abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. While the argument is acknowledged, voting in favour of this resolution can be considered as overstepping on management's prerogatives in strategy setting. However, BNY Mellon have abstained in line with their views that the current transition plan merits more robust 2030 goals in order to gain credibility.	BNY Mellon voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this.	BNY Mellon supported a shareholder proposal asking for a report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement as in BNY Mellon's view, more information on the company's plans to transition towards a low carbon economy would help shareholders better assess this risk.
Outcome of the vote	80% For	58% Against	33% For
Implications of the outcome	The significant dissent on the proposal shows concern from the shareholder base around Shell's transition plan.	The vote outcome is a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. The company has reached out to	The support received for the shareholder proposal is substantial and must be accounted for. BNY Mellon would expect the company to provide enhanced disclosures especially around

	Vote 1	Vote 2	Vote 3
		shareholders and BNY Mellon have communicated their concerns and reasons for adverse vote recommendations. BNY Mellon will continue exercising future votes in support of their views surrounding significant salary increases and alignment between pay and performance.	setting timelines to implement a scope 3 emission reduction goal and finding efficiencies in processes.
Criteria on which the vote is considered "significant"	As a significant GHG emitter, it is critical for Shell to have a credible transition plan. Abstaining on this resolution would convey to the company, in addition to BNY Mellon's engagement, the need to add credibility to its transition planning.	The failed vote outcome owing to significant shareholder dissent merits this vote as significant.	BNY Mellon determined this vote as significant owing to the rarity of a shareholder proposal receiving significant support.

LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	BP Plc	Flutter Entertainment Plc
Date of vote	23 May 2023	27 April 2023	27 April 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.96%	3.82%	1.09%
Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 4 - Re-elect Helge Lund as Director	Resolution 5H - Re-elect Gary McGann as Director
How the manager voted	Against management recommendation	Against management recommendation	Against management recommendation
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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.		
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female.
Outcome of the vote	80% (pass)	90.4% in favour	93.4% in favour

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	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.
Criteria on which the vote is considered "significant"	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 such votes to be significant, particularly when LGIM votes against the transition plan.	High Profile Meeting and Engagement: LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets managed on their behalf.

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

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	NVIDIA Corporation	Alphabet Inc.
Date of vote	24 May 2023	22 June 2023	2 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.71%	1.63%	1.34%
Summary of the resolution	Report on Median and Adjusted Gender/Racial Pay Gaps	Elect Director Stephen C. Neal	Approve Recapitalization Plan for all Stock to Have One-vote per Share
How the manager voted	For (Against Management Recommendation)	Against (against management recommendation)	For (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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.
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	A vote against is applied as LGIM expects a company to have at least one-third women on the board. LGIM also expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	29% (Fail)	89.2% in favour	30.7% (Fail)
Implications of the outcome	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 monitor the board's response to the relatively high level of support received for this resolution.
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	This shareholder resolution is considered significant due to the relatively high level of support received.

LGIM, World Emerging Markets Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Tencent Holdings Limited	China Construction Bank Corporation	Ping An Insurance (Group) Co. of China Limited
Date of vote	17 May 2023	29 June 2023	12 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.24%	0.99%	0.73%
Summary of the resolution	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Resolution 7 - Elect Tian Guoli as Director	Resolution 1 - Approve Report of the Board of Directors
How the manager voted	Against management recommendation	Against management recommendation	Against management recommendation
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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.		
Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.
Outcome of the vote	88.4% (Pass)	97.5% in favour	98.7% (Pass)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.		

Engagement

Manager	BNY Mellon	LGIM
Fund name	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
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	40	This information was not provided as LGIM engage at a firm level as opposed to at a fund specific level.
Number of engagements undertaken at a firm level in the year	187	1,133

Examples of engagements undertaken

Shell PLC (climate change): BNY Mellon engaged with the company to emphasise the need to establish targets and plan for a gradual reduction in absolute Scope 3 emissions. They sought to understand how Shell's board was looking holistically at the Scope 3 question, in the context of a court case on climate mismanagement, the arrival of a new CEO, and the energy security situation.

Nestle SA (inequality): BNY Mellon engaged with Nestle SA to encourage the company to set health-based sales targets across its portfolio, and to commit to increasing its proportion of healthy sales. BNY were concerned with the impact of unhealthy foods and drinks increasingly resulting in shifts in consumer behaviour and new regulations. 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 in this area.

The key engagement topics at a firm level over the year to 30 June 2023 were:

- Climate impact pledge
- Remuneration
- Strategy
- Diversity
- Board Composition
- Public health

An example is LGIM's engagement regarding the proposed merger between Capricorn and Tullow Oil. LGIM's Investment Stewardship and Climate Solutions team spoke directly with Capricorn's management team to voice their concerns about the proposed transaction as it didn't seem to advance the energy transition strategy for Capricorn's shareholders. Additionally,

Manager

BNY Mellon

LGIM

Alibaba (risk management). BNY Mellon were disappointed that the company was not able to provide more detail on the waivers it applied for from the Hong Kong listing rules. It does not have any concrete plans to separate the roles of CEO and chair, saying that this may happen only when there is the right candidate for the CEO position, and was unable to provide comfort on the safeguards around its data security processes, which was disappointing given recent news of data breaches. BNY escalated the issue by having a follow-up group investor call to learn more about the general direction of travel on corporate-governance improvements. The responses did not provide comfort that minority shareholders would not be disadvantaged in cases of conflicts of interest, so BNY Mellon will continue to engage with the company to gain clarity and share their expectations of the company's ESG journey.

they believed that the merger would have resulted in increased financial leverage and dramatically elevate climate transition risks.