

Graham & Brown Retirement Benefits Scheme Implementation Statement for the year ended 31 May 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Graham & Brown Retirement Benefits Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 May 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Trustees’ policy in relation to ESG and voting issues was documented in the updated Statement of Investment Principles dated September 2020.

Further, in Q1 2021, the Trustees were presented with a paper on Environmental, Social and Governance (“ESG”) issues and upcoming climate change related regulations. This enabled the Trustees to explore their beliefs further in this area and consider their exposure and approach to climate change.

The Trustees’ responsible investing policy

The Scheme’s responsible investment policy was updated to include the additional detail in September 2020, the full responsible investing policy can be seen in the statement of investment principles:

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. The Trustees have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees’ views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the

managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities will also form part of the strategy for the diversified growth fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. This voting information has been provided by the investment managers. The Trustees have selected significant votes on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding. Where the manager has provided a selection of significant votes, the Trustees have reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that this is consistent with their policy. The Trustees, with the help of their Investment Consultant, have considered the information the Investment Managers have been able to provide on significant voting, and have deemed the below information as most relevant. Based on this summary, the Trustees concluded that the investment managers have exercised their delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees' relevant policies in this regard.

Voting Disclaimer: Neither XPS Investment Limited nor the Trustees have vetted these votes. These summaries have been provided by the investment manager and any reference to "our", "we" etc. is from the investment manager's perspective and has come directly from the investment manager.

Partners Group Partners Fund SICAV

The following voting data is for the year to 31 December 2022. Partners Group are only able to provide voting information semi-annually therefore this voting information is the most appropriate data available to the Scheme.

Partners Group Partners Fund
The manager voted on 100% of resolutions of which they were eligible out of 853 eligible votes.
Investment Manager Client Consultation Policy on Voting
We do not consult with clients before voting.
Investment Manager Process to determine how to Vote

Our voting is based on the internal Proxy Voting Directive.

How does this manager determine what constitutes a 'Significant' Vote?

Size of the holding in the fund

Does the manager utilise a Proxy Voting System? If so, please detail

We hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with our Proxy Voting Directive. Wherever the recommendations for Glass Lewis, our proxy voting directive, and the company's management differ, we vote manually on those proposals.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Confluent Health	As we control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
Confluent has also expanded its stakeholder benefits program. For instance, in 2022, the company launched stock options for all physical therapists and made significant investments in benefits, including reduced Eligible Employee premiums and increased communication around its wellness programs.			
EyeCare Partners	As we control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>Meanwhile, several initiatives were implemented to improve stakeholder benefits. For instance, significant investment in benefits were made in 2021 and 2022. In addition, the company increased communication around its ECP Cares Foundation, a non-profit organization dedicated to giving back to ECP team members in need. Meanwhile, Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%).</p> <p>Lastly, baselines and specific initiatives were established based on the doctor and employee engagement surveys conducted during the first half of 2022.</p>			
Pharmathen		Control of board	n.a.

	As we control the Board, please see below the ESG efforts of the portfolio company.		
The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.			
PremiStar	As we control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>In the meantime, Premistar has engaged a third party ESG consultant to identify material sustainability topics and craft a longer term ESG journey and strategy.</p> <p>Premistar is looking to hire an ESG manager and sales strategy employee, as the company aims to launch an energy efficiency sales strategy with customers.</p>			
Rovensa	As we control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>Health and Safety (H&S) remains a top priority for Rovensa, as illustrated by the roll out of its 'STAR Program' across all manufacturing plants globally to achieve a zero-harm culture adoption worldwide.</p> <p>The board and management are aligned on the importance of H&S and have been working with the H&S team on the STAR Program to reduce the company's lost time injury frequency rate (LTIFR). In 2022, Rovensa has reduced its LTIFR by around 40% compared to the prior-year period.</p>			

Schroders Diversified Growth Fund

The following voting data is for the year to 31 May 2022.

Voting Information

Schroders Diversified Growth Fund

The manager voted on 94% of resolutions of which they were eligible out of 15,969 eligible votes.

Investment Manager Client Consultation Policy on Voting

The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from our clients. We report transparently on our voting decisions with rationales on our website.

Investment Manager Process to determine how to Vote

As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).

We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our published ESG policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, we voted on approximately 7,600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

ISS automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process.

How does this manager determine what constitutes a 'Significant' Vote?

We believe that all resolutions when we vote against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Does the manager utilise a Proxy Voting System? If so, please detail

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Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Mastercard Incorporated	Report on Risks Associated with Sale and Purchase of Ghost Guns	For	Fail
We believe shareholders would benefit from additional information on if and how the company intends to reduce the risks associated with the use of its payment systems for the sale and purchase of “ghost guns.”			
The Toronto-Dominion Bank	SP 3: Advisory Vote on Environmental Policies	For	Fail
The company is asked to establish an annual advisory vote policy regarding its environmental and climate change targets and action plan. We welcome additional mechanisms for shareholders to hold the board accountable for its management of climate risk and contribution to a low carbon economy. As such, we support this proposal.			
Wells Fargo & Company	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For	Fail

The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. We welcome additional disclosures that help better understand how the company is implementing its climate strategy. We believe that how we have voted is in the best financial interest of our clients’ investments.

JPMorgan Chase & Co.	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For	Fail
The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. We welcome additional disclosures that help better understand how the company is implementing its climate strategy. We believe that how we have voted is in the best financial interest of our clients' investments.			
Amazon.com, Inc.	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	For	Fail
Support for this resolution is warranted because it could provide shareholders with a deeper understanding of how the Company's climate strategy is aligned to the Just Transition Guidelines, and therefore, help to provide a clearer picture of the Company's progress towards a net zero transition. We believe that how we have voted is in the best financial interest of our clients' investments.			

Schroders defines significant as any 'key vote' where they have gone against the voting recommendation of management. To determine which of these votes were most significant, XPS filtered down the list of 1,387 votes provided by Schroders. The list was condensed to c.16 votes, all of which involved issue of equity, sales, acquisitions, mergers, ESG, as well as votes where Schroders felt that their voting decision would lead to the management and reduction of risks. 5 Votes have been sampled from the filtered list and included in this report.