

Implementation Statement

B E Wedge Holdings Limited Retirement and Death Benefits Scheme

Scheme year ended 5 April 2021

Purpose of the Implementation Statement

The Implementation Statement has been prepared by the Trustee of the B E Wedge Holdings Limited Retirement and Death Benefits Scheme ("the Scheme") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on its behalf, over the year to 5 April 2021.

Investment manager and funds in use

The investment managers and funds in which the Scheme was invested as at 5 April 2021 are set out in the table below:

Manager	Fund	Asset Class
BlackRock Investment Management ("BlackRock")	Aquila Life Consensus Fund	Multi-Asset
M&G Investments Limited ("M&G")	Balanced Non-Property Fund	Multi-Asset
Newton Investment Management ("Newton")	BNY Mellon Multi-Asset Global Balanced Fund	Multi-Asset
Wren Sterling	Portfolio of 40 underlying funds across a broad range of asset classes.	

How voting and engagement policies have been followed

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

The Trustee undertook an initial high level review of the ESG approach of the current managers at their March 2019 meeting and was satisfied that no remedial action was required at that time.

The Trustee regularly monitors the performance of their investments relative to their stated investment objectives and philosophy, as described in the Scheme's Statement of Investment Principles, to ensure the investment strategy and decisions continue to be in line with the Trustee's expectations.

Information about the investment managers' current ESG and stewardship policies and engagement activities was collected and reviewed alongside the preparation of this Statement. Having reviewed the above in accordance

with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Voting Data

The table below contains the information gathered for the voting behaviour over the year for the Scheme's assets which convey voting rights. All data covers the 12 months to 31 March 2021 as the managers provide data to quarter ends.

Note that the funds contained in the Wren Sterling portfolio have been treated separately. Further details are given below.

Summary

Manager	BlackRock	M&G	Newton
Fund name	Aquila Life Consensus Fund	M&G PP Balanced Non-Property Fund	BNY Mellon Multi-Asset Global Balanced Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at on behalf of the fund over the year	5,693	4	67
Number of resolutions the manager was eligible to vote on behalf of the fund over the year	63,671	32	1,053
Percentage of resolutions the manager voted on	95.4%	100.0%	98.8%
Percentage of resolutions the manager abstained from	1.5%	0%	0%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	92.8%	90.6%	85.4%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	7.1%	9.4%	14.6%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	15.6%	10.6%

Source: BlackRock, M&G, Newton

Wren Sterling

The Trustee delegates the choice of underlying funds in the Wren Sterling Portfolio to Wren Sterling.

The Trustee requested details of voting behaviour for the underlying managers from Wren Sterling via its investment consultant, but this was not available in a consolidated format for inclusion in this Statement. To report on each individual fund would be disproportionate given the number of funds in the portfolio (40 as of 31 March 2021). Each fund represents less than 0.4% of the Scheme's overall assets.

Proxy Voting

BlackRock

BlackRock uses an independent fiduciary to vote proxies where they are required by regulation not to vote themselves or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on BlackRock's publicly available proxy voting guidelines and public information disclosed by the relevant company. BlackRock's voting guidelines are the benchmark against which they assess a company's approach to corporate governance, including environmental and social issues.

The independent fiduciary, Sustainalytics, may engage with companies at its discretion to ask clarifying questions or in response to a company's request for engagement on voting matters, though it is not authorized to represent BlackRock's views.

M&G

M&G use the research services of ISS and IVIS. Their voting is instructed through the ISS voting platform, ProxyExchange. They use the ISS custom service to flag resolutions that may not meet their policy guidelines. Voting decisions are taken by the Sustainability and Stewardship team at M&G, often in consultation with Fund Managers. Some routine resolutions are voted by ISS on their behalf when clear criteria have not been met.

Newton

Newton utilise ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as their research reports on individual company meetings. Only in the event where Newton recognise a potential material conflict of interest do they follow the voting recommendations of ISS.

Newton's Head of Responsible Investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. They do not maintain a strict proxy voting policy. Instead, they prefer to take into account a company's individual circumstances, Newton's investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices. For the avoidance of doubt, all voting decisions are made by Newton.

Significant votes

We have delegated to the investment managers to define what a "significant vote" is. All the managers provided several examples of significant votes; we have provided an indicative sample of the data they provided below.

Further information is available upon request or from the managers' websites below:

BlackRock: <https://www.blackrock.com/corporate/about-us/investment-stewardship>

BlackRock Aquila Life Consensus Fund

	Vote 1	Vote 2	Vote 3
Company name	Exxon Mobil Corporation	Chevron Corporation	Barclays Plc
Date of vote	27 th May 2020	27 th May 2020	7 th May 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Unavailable</i>	<i>Unavailable</i>	<i>Unavailable</i>
Summary of the resolution	<p>Item 1.2: Elect Director Angela F. Braly</p> <p>Item 1.4: Elect Director Kenneth C. Frazier</p> <p>Item 4: Require Independent Board Chair</p>	<p>Item 6: Report on Climate Lobbying Aligned with Paris Agreement Goals</p>	<p>Resolution 29: Approve Barclays' Commitment to Tackling Climate Change</p> <p>Resolution 30: Approve ShareAction Requisitioned Resolution</p>
How the manager voted	<p>AGAINST Item 1.2</p> <p>AGAINST Item 1.4</p> <p>FOR Item 4</p>	<p>BlackRock voted FOR this proposal</p>	<p>BlackRock, through an independent fiduciary, voted FOR all management resolutions and AGAINST shareholder Resolution 30.</p>
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<i>Unavailable</i>	<i>Unavailable</i>	<i>Unavailable</i>
Rationale for the voting decision	<p>BlackRock voted AGAINST Items 1.2 and 1.4 due to their view that there had been insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business.</p> <p>BlackRock voted FOR Item 4 on account of their belief that the board would benefit from a more robust independent leadership structure given the concerns noted.</p>	<p>BlackRock believe enhanced disclosure will help investors better understand Chevron's political activities in the context of policy that supports the transition to a lower carbon economy.</p>	<p>Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.</p>
Outcome of the vote	<p>Item 1.2: Pass</p> <p>Item 1.4: Pass</p> <p>Item 4: Fail</p>	<p>Item 6: Pass</p>	<p>Resolution 29: Pass</p> <p>Resolution 30: Fail</p>

Source: BlackRock

M&G Balanced Non-Property Fund

The Balanced Non-Property Fund is a fund of funds. M&G did not provide information on significant votes for the underlying funds for the reporting period.

The Trustee's investment consultant is liaising with the Scheme's investment managers to improve these disclosures and expects to be able to provide more information in future.

BNY Mellon Multi-Asset Global Balanced Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc	Eversource Energy
Date of vote	02-Dec-20	23-Feb-21	06-May-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.6%	2.2%	2.1%
Summary of the resolution	Elect Director, Advisory Vote to Ratify Named Executive Officers' Compensation and Ratify Deloitte & Touche LLP as Auditors	Elect Director, Advisory Vote to Ratify Named Executive Officers' Compensation, Proxy Access Amendments, Improve Principles of Executive Compensation Program	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	AGAINST	AGAINST management proposals and FOR the shareholder proposals	AGAINST
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	No	Yes
Rationale for the voting decision	<p>Despite improvements to executive remuneration practices over recent years, Newton remained concerned that approximately half of long-term pay awards vest irrespective of performance. They voted against the executive compensation arrangements and against the three members of the compensation committee.</p> <p>They also voted against the re-appointment of the company's external auditor given that its independence was jeopardised by having served in this role for 37 consecutive years.</p>	<p>Newton voted against the company's executive-compensation arrangements and against members of the compensation committee. Their primary concern was the absence of performance-based hurdles that determine the vesting of long-term pay awards. They also noted that each member of the compensation committee had long tenures on the board, which raised questions surrounding their ability to exercise independent and objective judgement.</p> <p>In addition, they supported the shareholder proposal that sought to enhance the ability of shareholders to appoint board</p>	<p>Newton voted against a resolution related to executive remuneration. Their chief concern was that half of the long-term compensation awards are subject only to time served, and do not take account of performance.</p>

	Vote 1	Vote 2	Vote 3
		<p>members – commonly known as proxy access. Apple’s proxy access provisions failed to meet US best practice, where shareholders can nominate at least two candidates for election to the board.</p> <p>Newton also supported the shareholder proposal that sought for the company to consider the pay ratio between the named executive officers and wider employees when determining executive pay arrangements. They believe multiple factors should be taken into account when setting compensation (including the relationship with employees and other stakeholders). Introducing compensation principles, including in relation to pay ratios, would allow the compensation committee to better consider these factors when determining executive compensation.</p>	
Outcome of the vote	1.1%, 0.9%, 0.3%, AGAINST compensation committee members, 3.9% AGAINST reappointment of the auditor, 5.3% AGAINST executive officers' compensation	6.1%, 7.3% and 5.6% AGAINST Election of Directors, 5.1% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation, 34.2% FOR Proxy Access Amendments, 5.6% FOR Improve Principles of Executive Compensation Program	10.7% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation

Engagement

The Trustee considers it a part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues across the relevant part of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. The table below sets out some high-level information on the managers' engagement approach.

Manager	BlackRock	M&G	Newton
Fund name	Aquila Life Consensus Fund	Balanced Non-Property Fund	Multi-Asset Global Balanced Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	2,904	Not available	42
Number of engagements undertaken at a firm level in the year	Unavailable to 31 March 2021 3,501 for 12 months to 31 December 2020	2,300	161

Source: BlackRock, M&G, Newton

Wren Sterling

The underlying managers carry out engagement activities on behalf of the assets invested in each fund. As with the voting data, this was not available in a consolidated format and reporting on each fund individually would be disproportionate as each fund represents less than 0.4% of the Scheme's assets.

Wren Sterling do not carry out engagement activities directly.

Examples of engagements undertaken

Each manager provided multiple examples of engagements undertaken during the year. An indicative example has been selected for each manager.

Manager and Fund	Engagement themes and examples of engagements undertaken
BlackRock Aquila Life Consensus Fund	<p>Company: Alpek, S.A.B. de C.V.</p> <p>Since 2020, BlackRock has engaged with Alpek, S.A.B. de C.V., a leading Mexican petrochemical company. Their discussions have focused on the company's disclosure of information related to the composition of the Board of Directors, the nomination process, board diversity, skills matrix, and other board characteristics.</p> <p>BlackRock Investment Stewardship also provided feedback to the company on its environmental and social-related disclosures. BlackRock expects companies to disclose scope 1 and scope 2 emissions</p>

and accompanying GHG emissions reductions targets. Companies in carbon-intensive industries, such as the petrochemical industry, should also disclose scope 3 emissions.

BlackRock subsequently noted a marked improvement in Alpek's reporting of its ESG risks and opportunities, as well as increasingly productive discussions on ESG issues.

Company: BP Plc

M&G
Balanced Non-Property Fund

M&G met with BP's investor relations manager regarding ESG to outline M&G's position as an investor who has committed to Net Zero by 2050 across its investment portfolios. M&G monitor and track the collective climate performance of investments with assistance from the Carbon Disclosure Project ("CDP") portal, which M&G view as a leading tool for climate data management. CDP disclosure is an important aspect of managing the carbon exposure in portfolio companies. As such, M&G welcome and encourage the inclusion of BP into the CDP carbon database.

BP said that it aimed to be recognised as an industry leader in the transparency of its reporting. It believed it had made good progress in that space, and was listening to investor feedback. Subsequent to the meeting, BP contacted M&G to say it had informed CDP that it plans to respond to the 2021 climate change questionnaire.

Company: Anglo American Plc

Newton
Multi-Asset Global Balanced
Fund

Newton met the CEO of Anglo American for an update on the company's broad strategy and progress surrounding specific ESG matters. The ESG topics discussed included exiting coal, the Responsible Mining Index, and biodiversity.

The company is expected to announce later this year its plan for exiting coal mining. The method of disposal has yet to be determined but this may be via e.g. a demerger or a trade sale. For one of its specific mines the company appears to be trying to maintain a balance between its ambition to exit and encouraging the local management team to reduce the environmental footprint of the mine, although Newton understand that the latter approach is met with disagreement from a co-investor.

The results of the Responsible Mining Index were discussed. The company is top-rated amongst its peers although with low scores across the board. In particular one area of the report states that of the six mines visited, five did not display any sign of responsible mining management. Newton highlighted that while the company has a good energy-transition commodity profile and group-level approach to operations, this is undermined if there is poor implementation at the mine level. The CEO acknowledged that there is scope for improvement by the company and the broader industry. He also recognised that success requires cultural change throughout the organisation.

Prepared by the Trustee of the B E Wedge Holdings Limited Retirement and Death Benefits Scheme

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