

Implementation Statement

B E Wedge Holdings Limited Retirement and Death Benefits Scheme

Scheme year ended 5 April 2023

Purpose of this statement

This implementation statement has been produced by the Trustee of the B E Wedge Holdings Limited Retirement and Death Benefits Scheme ("the Scheme") to set out the following information over the year to **5 April 2023**:

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

Investment manager and funds in use

The investment managers and funds in which the Scheme was invested as at 5 April 2023 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 37 underlying funds across a broad range of asset classes.	

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- 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 updated review of the stewardship and engagement activities of the current managers at their **April 2022** meeting and were satisfied that their policies were reasonable, and no remedial action was required at that time.

Stewardship policy

The Trustee's Statement of Investment Principles ("SIP") in force as at 5 April 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2021 and has been made available online here:

<https://www.wedge-galv.co.uk/careers/>

The Trustee has not yet had the opportunity to discuss setting stewardship priorities for the Scheme, but intend to consider whether stewardship priorities should be set in due course, in line with other Scheme risks.

The Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the investment managers.

The Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Portfolio on behalf of the Trustee. All data covers the 12 months to 31 March 2023 as the managers provide data at quarter ends only.

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

Manager	BlackRock	Newton	M&G
Fund name	Aquila Life Consensus Fund	BNY Mellon Multi-Asset Global Balanced Fund	M&G PP Balanced Non-Property 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	5,882	60	465
No. of eligible votes	65,530	1,037	8,133
% of resolutions voted	95.2%	100%	95.1%
% of resolutions abstained as a percentage of the total number of resolutions voted on	1.9%	0.0%	0.7%
% of resolutions voted with management as a percentage of the total number of resolutions voted on	91.8%	92.8%	93.6%
% of resolutions voted against management as a percentage of the total number of resolutions voted on	6.2%	7.2%	6.4%
% of resolutions voted against proxy voter recommendation as a percentage of the total number of resolutions voted on	0.5%	5.4%	7.5%

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 (37 as of 5 April 2023). Each fund represents less than 0.3% of the Scheme's overall assets.

Proxy Voting

BlackRock

BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer them to any meetings where additional research/engagement might be required to inform their voting decision.

M&G

M&G use the research services of ISS and the Investment Association. Their voting is instructed through the ISS voting platform, ProxyExchange. M&G use the ISS custom service to flag resolutions that may not meet 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 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 their external voting service provider will be applied.

Newton do not maintain a voting policy with ISS, they apply their own Newton voting guidelines.

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

BlackRock, Aquila Life Consensus Fund

	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Group	Anthem Inc	McDonald's Corporation
Date of vote	08/04/2022	18/05/2022	26/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		<i>Information not provided</i>	
Summary of the resolution	Item 17: Approve Climate Action Plan	Item 6: Oversee and Report a Racial Equity Audit	Item 5: Report on Efforts to Reduce Plastic Use
How the manager voted	For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	n/a	n/a
Rationale for the voting decision	The group has accelerated their plans to manage physical climate change through risk-based adaptation practices. BlackRock are encouraged by the actions Rio Tinto Group has taken to date and their improved transparency in this regard.	BlackRock Investment Stewardship (BIS) supported this proposal because, in their view, undertaking the requested audit could help Anthem identify and mitigate potential material risks of the company's operations on internal and external stakeholders.	BIS did not support this shareholder proposal because they believe the company's existing disclosure is sufficient.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	BlackRock will continue to engage with the group to further assess progress.	BIS will continue to engage with Anthem and monitor the company's progress on matters related to human capital management and DEI through regular engagements with firm executives and directors	BlackRock notes that McDonald's is contributing to the development of frameworks and standards to address plastic waste in the context of their sector, which they believe should help to accelerate progress across the market.

Source: BlackRock

BNY Mellon, Multi-Asset Global Balanced Fund

	Vote 1	Vote 2	Vote 3
Company name	Citigroup Inc.	Abbott Laboratories	Alphabet Inc.
Date of vote	26/04/2022	29/04/2022	01/06/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	2.2%	2.4%
Summary of the resolution	Report on Indigenous Peoples' Rights	Report on lobbying payments and policy.	Report on lobbying payments and disclosure.
How the manager voted	For shareholder proposal	For shareholder proposal,	For shareholder proposal
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Newton supported a shareholder proposal asking for a report concerning indigenous peoples' rights, they believe shareholders are likely to benefit from this report, as the bank has been involved in the financing of projects or has clients that have had a direct impact on the livelihood of various indigenous communities.	Newton supported a shareholder proposal requesting additional disclosure around lobbying payments made by the company as this will be beneficial for shareholders to better assess the related risks.	The company's disclosures do not include information on payments made to trade associations or dues to third party organisations. Increased disclosure will assist the shareholders in assessing the risks associated with the company's use of corporate funds.
Outcome of the vote	28.5% for Improve Human Rights Standards or Policies	34.5% for Report on Political Lobbying Disclosure	18% for Political Lobbying Disclosure.
Implications of the outcome	The near 30% support for the shareholder proposal cannot be ignored by the company and is likely to initiate an internal and external discussion.	The near majority support for the two shareholder proposals provides an increased likelihood of shareholders' rights being improved. The improvements will require further shareholder votes at a future AGM in order for the company to make the necessary changes to its bylaws.	The vote results show a majority of the company's minority shareholders retain fundamental concerns. Near 20% of votes in favour of all shareholder proposals is a clear indication as to where the company is expected to make improvements to allay such concerns.
Criteria on which the vote is considered "significant"	This vote demonstrates the increased tendency of shareholders to vote in support of such proposals	The significance of this vote extends to the level of support received for the shareholder proposals that sought fundamental governance reforms of the company.	The company was subject to a high number of shareholder proposals surrounding both governance and social aspects where the company is well regarded by investors as requiring improvements.

M&G, Balanced Non-Property Fund

	Vote 1	Vote 2	Vote 3
Company name	Kingspan	ABB Ltd.	Akzo Nobel NV
Date of vote	29/04/2022	07/09/2022	22/04/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Information not provided</i>		
Summary of the resolution	Re-elect Jost Massenber as Director	Approve Spin-off of Accelleron Industries AG	Remuneration report
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	M&G have concerns over the low level of gender diversity on the Board.	In the view of M&G, the transaction is in shareholder interest.	Concern over one-off grant to the CEO.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	<i>Information not provided</i>		
Criteria on which the vote is considered "significant"	Shareholder rights and governance	Corporate structure	Remuneration

Fund level 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 provides a summary of engagement activities undertaken by each manager during the year for the relevant funds.

Manager	BlackRock	Newton	M&G
Fund name	Aquila Life Consensus Fund	BNY Mellon Multi-Asset Global Balanced Fund	M&G PP Balanced Non-Property Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	3,298	37	44
Number of entities engaged on behalf of the holdings in this fund in the year	2,071	20	35
Number of engagements undertaken at a firm level in the year	3,963*	224	150

*BlackRock produce firm level data on a half yearly basis, so the figures shown above are as at 31 December 2022

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 0.3% of the Scheme's assets.

Wren Sterling do not carry out engagement activities directly.

Examples of engagement activity undertaken over the year to 5 April 2023

Manager and Fund	Engagement themes and examples of engagements undertaken
BlackRock Aquila Life Consensus Fund	Company: Shell Plc BlackRock have engaged with Shell multiple times across the year to 31/03/2023, discussing a range environmental, social and governance issues. In particular, in May 2022, BlackRock met with Shell Plc to discuss the approval of the Shell Energy Transition Progress Update. Over the past year Shell has made large investments in low-carbon fuels, renewables and hydrogen while also growing their power business to 1.6 million retail customers in 2022 from 900,000 in 2020. BlackRock Investment Stewardship (BIS) recognizes that Shell has a clearly disclosed plan to manage climate-related risks and opportunities and has started to make progress against the plan.
M&G Balanced Non-Property Fund	Company: Tennessee Valley Authority (TVA) In January 2023, M&G held a Teams meeting with the US Utilities provider Tennessee Valley Authority (TVA) to ensure the company is committed to phasing out of coal by 2030. The company confirmed

they are aggressively retiring their coal plant fleets and remain on track to retire all of the coal plants by 2035 the latest. They have identified gas as the replacement for coal and confirm that they are incentivised to expedite the switch from coal to gas as the existing coal plant assets require significant investment and replacing coal with gas will cut their emissions by half.

The company expressed a desire to exit coal sooner than 2035, however they are not yet in a position to disclose this publicly along with the phase out plans for the two remaining plants. In terms of next steps, we will continue to engage until the expiration of the time stamp (end April 2023) and the decision around next steps will be determined by the Coal Appeals Committee when the committee meets in April 2023.

Company: Exelon Corporation

Newton held up a follow-up meeting with Exelon after the company's transition to an independent transmission and distribution utility company.

Newton
BNY Mellon Multi-Asset Global
Balanced Fund

Newton met with the company to get a gauge of the company's plans to set scope 3 emission-reduction targets. The company plans to engage with generation utilities around their decarbonisation plans and, based on learnings and its own initiatives, it would explore the possibility of setting up medium and long-term decarbonisation plans and targets which would cover scope 3 emissions.

Newton believe setting scope 3 emissions would be a step in the right direction for the company. However, they are cognizant that this process would take time, therefore, Newton will endeavour to continue their engagement with the company and monitor its progress.

**Prepared by the Trustee of the B E Wedge Holdings Limited Retirement and Death Benefits Scheme
September 2023**