# Home-Grown Cereals Authority Pension Plan

# Implementation Statement

This is the Implementation Statement prepared by the Trustee of the Home-Grown Cereals Authority Pension Plan (“the Plan”) and sets out:

* How the Trustee’s policies on exercising rights (including voting rights) and engagement policies have been followed over the year to 31 March 2022; and
* The voting behaviour of the Trustee’s, or that undertaken on their behalf, over the year to 31 March 2022.

## Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at 31 March 2022 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2020 and has been made available online here:

[Home-Grown Cereal’s Authority Pension Plan – Statement of Investment Principles](https://projectblue.blob.core.windows.net/media/Default/About%20AHDB/Reports%20and%20reviews/SIP_HGCA_September%202020%20public.pdf)

There were no changes to the stewardship policy over the year and the Trustees continue to delegate the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme’s investment managers.

## How voting and engagement policies have been followed

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 Trustee undertook an initial review of the stewardship and engagement activities of the current managers at their June 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time. The investment managers are invited to Trustee meetings to provide updates on the funds invested in by the Plan periodically, and this includes bringing the Trustees up-to-date on their voting and engagement activities. In addition the Trustees receive quarterly reporting covering investment performance (net of fees and costs) and highlighting any other governance issues with managers.

Annually, the Trustees receive and review voting information and engagement policies from both the asset managers and their investment advisors, which they review to ensure alignment with their policies, alongside the preparation of the Implementation Statement.

The Trustee has made no new manager appointments over the year and therefore ESG has not formed part of any new selection process.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Plan’s stewardship policies.

**Prepared by the HGCA Pension Plan Trustees Limited**

**June 2022**

## Voting Data

Voting only applies to equities held in the portfolio. The Plan’s equity investments are held through a pooled fund managed by Columbia Threadneedle. The investment manager votes on behalf of the Trustee.

The table below provides a summary of the voting activity undertaken by Columbia Threadneedle during the year.

| **Manager** | **Columbia Threadneedle** |
| --- | --- |
| **Fund name** | Dynamic Real Return 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. |
| **No. of eligible meetings** | 389 |
| **No. of eligible votes** | 4,939 |
| **% of resolutions voted** | 100.0% |
| **% of resolutions voted *with* management1** | 93.0% |
| **% of resolutions voted *against* management1** | 5.4% |
| **% of resolutions abstained** | 1.6% |
| **Proxy voting advisor employed** | Yes |
| **% of resolutions voted against proxy voter recommendation** | n/a |

## Significant votes

We have delegated to the investment manager(s) to define what a “significant vote” is. A summary of the data they have provided is set out below.

### Columbia Threadneedle, Dynamic Real Return Fund

|  | **Vote 1** | **Vote 2** | **Vote 3** |
| --- | --- | --- | --- |
| **Company name** | Caterpillar Inc. | Royal Dutch Shell Plc | Eli Lilly and Company |
| **Date of vote** | 9 June 2021 | 18 May 2021 | 3 May 2021 |
| **Approximate size of fund's holding as at the date of the vote (as % of portfolio)** | 0.03% | 0.15% | 0.04% |
| **Summary of the resolution** | Report on Climate Policy | Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions | Report on Lobbying Payments and Policy |
| **How the manager voted** | For | Abstain | For |
| **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** | Supporting better ESG risk management disclosures | Not in shareholders' best interest | Supporting better ESG risk management disclosures |
| **Outcome of the vote** | Fail | Fail | Fail |
| **Implications of the outcome** | Active stewardship (engagement and voting) continues to form an integral part of the manager’s research and investment process. | | |
| **Criteria on which the vote is considered “significant”** | Vote against management | | |

## 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 Scheme’s LDI and cash funds due to the nature of the underlying holdings, therefore engagement information for these assets have not been shown.

| **Manager** | **Columbia Threadneedle** | **CQS** |
| --- | --- | --- |
| **Fund name** | Dynamic Real Return Fund | Credit Multi Asset Fund |
| **Number of engagements undertaken on behalf of the holdings in this fund in the year** | This information was not provided at a fund level | 135 |
| **Number of engagements undertaken at a firm level in the year** | 238 | 153 |
| **Examples of engagements undertaken with holdings in the fund** | **Exxon Mobil –** The manager engaged in an activist campaign which sought to seat four nominees in a contested election of directors. The change in directors sought to change the company’s business strategy and increase focus on a low carbon future. A majority of investors supported three of the four dissident nominees and supplanted an equal number of incumbent directors on the company’s board, thus materially remaking the board’s composition and positioning the company for a new future.  **Tesco Plc –** Engage with company’s sustainability strategy with a focus on understanding the strategy relating to nutrition and plant-based proteins. The manager found that the company had made a step up in focus on consumer health and based on current disclosures appears ambitious relative to peers, which may position the company well as the UK’s obesity strategy is implemented and as consumer trends evolve post-pandemic. | **Jaguar Land Rover –** Engaged with the company more widely on ESG matters. The manager encouraged increasing transparency, communication and disclosures regarding ESG issues. In particular the manager pushed for a timeline on disclosing more emission data, particularly Scope 3.  **eG Group –** The manager engaged with the company on multiple different issues spanning both governance and environmental factors and have met regularly with senior management since 2020. The manager has seen promising developments particularly around governance and has increased exposure as a result.  e.g. they now operate the largest network of EV charging sites across Europe. The EV transition is led by the Head of ESG and they are looking to recruit further into this ESG team.  This year they plan to link executive remuneration to ESG targets. They will publish scope 1, 2 and 3 emissions for the Group later this year and also expect to set scope 1 and 2 decarbonisation targets. |