

## Notes to the Financial Statements (Cont)

### 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; and  
the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

### Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 March 2023 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](#)

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 in due course, in line with other Plan risks.

### 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 Trustee up-to-date on their voting and engagement activities. In addition the Trustee receives quarterly reporting covering investment performance (net of fees and costs) and highlighting any other governance issues with managers.

Annually, the Trustee receives and reviews 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 appointed Legal & General Investment Management ("LGIM") over the year to manage part of the diversified growth portfolio. As part of the selection process the Trustee took into account the manager's stewardship and ESG policies and procedures. The Trustee took these into account, alongside other factors, when making the decision to appoint LGIM. The Trustee was satisfied that their approach believes it to be in line with its policies. The Trustee continues to monitor existing holdings within the Plan.

Having reviewed the above in accordance with its policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Plan's stewardship policies.

**Prepared by the HGCA Pension Plan Trustees Limited  
June 2023**

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### Voting Data

Voting only applies to equities held in the portfolio. The Plan's equity investments are held through pooled funds managed by Columbia Threadneedle and LGIM. The investment managers vote on behalf of the Trustee.

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

Manager	Columbia Threadneedle	LGIM
<b>Fund name</b>	Dynamic Real Return Fund	Diversified Fund
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	48	9,541
<b>No. of eligible votes</b>	696	99,252
<b>% of resolutions voted</b>	100.0%	99.8%
<b>% of resolutions voted with management<sup>1</sup></b>	86.8%	77.4%
<b>% of resolutions voted against management<sup>1</sup></b>	10.2%	21.9%
<b>% of resolutions abstained</b>	3.0%	0.7%
<b>Proxy voting advisor employed</b>	Yes	Yes
<b>% of resolutions voted against proxy voter recommendation</b>	n/a	12.5%

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### 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 Trustee has not set stewardship priorities / themes for the Plan, but will be considering the extent that they wish to do this in due course, in line with other Plan 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 / themes.

Columbia Threadneedle and LGIM have provided a selection of 10 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

## Columbia Threadneedle, Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Alphabet Inc.	Amazon.com, Inc.	Uber Technologies, Inc.
<b>Date of vote</b>	1 June 2022	25 May 2022	9 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.6%	0.6%	0.2%
<b>Summary of the resolution</b>	Report on Climate Lobbying	Commission Third Party Report Assessing Company's Human Rights Due Diligence Process	Report on Lobbying Payments and Policy
<b>How the manager voted</b>	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Supporting better ESG risk management disclosures		
<b>Outcome of the vote</b>	Fail	Fail	Fail
<b>Implications of the outcome</b>	Active stewardship (engagement and voting) continues to form an integral part of the manager's research and investment process.		
<b>Criteria on which the vote is considered "significant"</b>	Vote against management on certain environmental or social proposals & >20% dissent		

## LGIM, Diversified Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Prologis, Inc.	Alphabet Inc.	The Southern Company
<b>Date of vote</b>	4 May 2022	01 June 2022	25 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.4%	0.1%	0.2%
<b>Summary of the resolution</b>	Elect Director Hamid R. Moghadam	Report on Physical Risks of Climate Change	Elect Director Thomas A. Fanning
<b>How the manager voted</b>	Against	For	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the 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.		
<b>Rationale for the voting decision</b>	<p><b>Joint Chair/CEO:</b> A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p> <p><b>Independence:</b> A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>	<p><b>Shareholder Resolution - Climate change:</b> A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.</p>	<p><b>Joint Chair/CEO:</b> A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p>
<b>Outcome of the vote</b>	93% voted for the resolution	18% voted for the resolution	93% voted for the resolution
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. #		

	Vote 1	Vote 2	Vote 3
<b>Criteria on which the vote is considered "significant"</b>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.</p>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.</p>

## 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 Plan'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	LGIM	CQS
Fund name	Dynamic Real Return Fund	Diversified 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	979	84
Number of engagements undertaken at a firm level in the year	357	1685	99
Examples of engagements undertaken with holdings in the fund	<p><b>The Home Depot</b> – The manager engaged with the VP of Sustainability and several portfolio managers to better understand The Home Depot's sourcing commitments and encourage their further development. Home Depot's wood sourcing policy will be expanded to a wider range of at-risk forest regions – including those where it does not – to avoid ambiguity. Columbia Threadneedle will review its progress and updated disclosures next year. Its policies on deforestation will rightfully remain a focus, given growing biodiversity and climate risks.</p> <p><b>VAT</b> – The portfolio manager and Responsible Investment analyst identified VAT as a company with limited public disclosure around the issue of net-zero commitments and wanted to gain better insight on its strategy on this and its approach to sustainability. As a result of the engagement the manager determined that despite a lack of public ESG disclosure the company is addressing sustainability in the material aspects of its business,</p>	<p><b>Industrial and Commercial Bank of China</b> – LGIM engaged with them on environmental and biodiversity issues.</p> <p><b>PVH Corps</b> – LGIM engaged with them on inequality issues</p>	<p><b>Jadex</b>– Engaged with the company on climate related issues. Specifically, how they have been working to produce sustainable products. CQS initially discussed decarbonisation with them in March 2022. They followed up with them in November 2022 and Jadex said they would work towards reducing their operational impact on the planet, but did not set any specific targets. In February 2023 Jadex announced a decarbonisation target of a 10% reduction in scope 1 &amp; 2 emissions by 2025. This engagement is mapped to UN SDG 13.</p> <p><b>Douglas</b> – The manager engaged with the company on social issues, specifically with concerns around social targets and initiatives, as well as organic and inorganic staff turnover. CQS believed there was limited disclosure by the company and asked them what mechanisms they have in place. Since engaging Douglas have produced a more in-</p>