

# 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; 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 2024 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.

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 2024**

## 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>	344	8,997
<b>No. of eligible votes</b>	4,988	93,090
<b>% of resolutions voted</b>	99.9%	99.8%
<b>% of resolutions voted <i>with</i> management<sup>1</sup></b>	88.8%	76.6%
<b>% of resolutions voted <i>against</i> management<sup>1</sup></b>	10.1%	23.1%
<b>% of resolutions abstained</b>	1.1%	0.3%
<b>Proxy voting advisor employed</b>	Yes	Yes
<b>% of resolutions voted against proxy voter recommendation</b>	n/a	14.5%

## 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 Plan. 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>	Microsoft Corporation	Amazon.com, Inc.	Mastercard Incorporated
<b>Date of vote</b>	7 December 2023	24 May 2023	27 June 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.9%	1.2%	0.6%
<b>Summary of the resolution</b>	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines	Report on Lobbying Payments and Policy
<b>How the manager voted</b>	Abstain	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>	The company faces risks related to human rights in its global operations. Good practice includes disclosing further information regarding the human rights assessment process along with a narrative on how impacts are monitored and effectively mitigated.	Shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate.	Comprehensive, aggregate disclosure on political spending is best practice. Disclosure should include all state and local donations including support for 527 organisations and ballot initiatives. In addition, the company should identify key relationships with trade associations that engage in lobbying on the corporation's behalf, as well as describe its policies and processes for giving. The manager asks that the board provide ultimate oversight for political donations.
<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>	Significant votes determined by size of fund's holding		

## LGIM, Diversified Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Shell Plc	Tencent Holdings Limited	American Tower Corporation
<b>Date of vote</b>	23 May 2023	17 May 2024	24 May 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.3%	0.3%	0.2%
<b>Summary of the resolution</b>	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Resolution 1f - Elect Director Robert D. Hormats
<b>How the manager voted</b>	Against (against management recommendation)	Against (against management recommendation)	Against (against management recommendation)
<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>Climate change:</b> A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations. Both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p><b>Climate Impact Pledge:</b> A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p> <p><b>Remuneration Committee:</b> A vote against has been applied because LGIM expects the Committee to comprise independent directors.</p>	<p><b>Diversity:</b> A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female.</p>
<b>Outcome of the vote</b>	80% voted for the resolution	88% voted for the resolution	98% voted for the resolution

	Vote 1	Vote 2	Vote 3
<b>Implications of the outcome</b>	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
	Significant votes determined by size of fund's holding		
<b>Criteria on which the vote is considered "significant"</b>	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: <a href="https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/">https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/</a>	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.

## 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
<b>Fund name</b>	Dynamic Real Return Fund	Diversified Fund	Credit Multi Asset Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	This information was not provided at a fund level	1,643	88
<b>Number of engagements undertaken at a firm level in the year</b>	1,424	2,144	107

### Examples of engagements undertaken with holdings in the fund

**TotalEnergies SE** – Total were the first oil and gas company to set scope 3 targets in 2020, however, they had two different approaches for Europe and the rest of the world. Columbia Threadneedle felt the company still had room for improvement and engaged the company seeking clarity over their reporting on future energy mix and forecast capex across green and brown assets, as well as aligning their targets with a 1.5°C scenario. Total have since upgraded their interim targets in 2023, improving 2025 scope 1, 2 and 3 intensity reduction targets from 10% to 15% and 2030 targets from 20% to 25%. Columbia Threadneedle welcome these improvements but still note that they are not in line with the 1.5°C scenario target and will continue to engage with Total on this issue.

**Uber** – The US technology company has been subject to a series of ongoing social controversies, the most serious of which are 1) driver, rider and passenger safety, particularly regarding incidents

**Rolls-Royce** – LGIM had a relationship with Rolls-Royce's new CEO prior to his appointment and had a meeting with him early in his tenure to discuss their views on the importance of positioning the company for the climate transition, while also focusing on nearer-term challenges and objectives, such as returning the company to an investment-grade credit rating. LGIM also engaged in person with the chair of the board of Rolls Royce to understand institutional barriers to imposing necessary structural changes. LGIM have also had two subsequent meetings with the CEO of the company, before and after its strategy day in November 2023. The company was receptive to LGIM's communications and as such announced a strategic review in November 2023 that appeared well balanced in making appropriate structural and cultural changes without sacrificing options that allow them to remain an active participant of the climate transition.

**KKR (covering 17 companies invested in across Multi Asset Credit and Loans)** – CQS launched their Private Equity Sponsor Targeted Engagement Programme in Q4 2023 to address the lower levels of data and commitment disclosures and target setting from companies backed by Private Equity sponsors.

In January 2024 the manager wrote to KKR setting out their 4 key objectives and their proprietary climate analysis on the 17 portfolio companies. In February 2024 the manager met with KKR. Of the 17 KKR companies the manager invests in, 59% report emissions, 41% have net zero commitments and only 24% have decarbonisation targets. KKR agreed to review their survey responses and confirm whether CQS's proprietary analysis aligns to the information KKR have received from the companies.

Manager	Columbia Threadneedle*	LGIM	CQS
	<p>of sexual harassment 2) poor record in political lobbying in Europe and 3) exposure in public cases in several countries on its link with undocumented migrant labour.</p> <p>Columbia Threadneedle met with Uber’s head of ESG to discuss their concerns and expectations around addressing these issues particularly. The manager was happy with the initial conversations regarding the first two issues noted but were less convinced around the solutions to the third problem, which they noted had only recently come to light. Threadneedle however, noted that there was no concrete indication of intentions to act on recommendations made to them and are looking at escalating their engagement.</p>	<p><b>Nestle</b> – LGIM engaged with Nestle via a letter they co-signed in Q4 2022 under the leadership of ShareAction’s Healthy Markets Initiative, which encouraged the company to do more in several areas including transparency around their nutrition strategy. Following this LGIM met with Nestle several times and in September 2023 Nestle announced a new nutrition target, however, LGIM did not believe this to be ambitious enough. LGIM have shared their concerns in early 2024 via a shareholder resolution at Nestle’s AGM, calling for the company to set KPIs and provide timebound targets.</p>	<p>CQS will seek to engage with the underlying companies to encourage further data gathering, public disclosure and setting of commitments and targets. The manager is also due to engage with KKR again in May 2024 following the outcome of their 2024 ESG survey.</p> <p><b>Allen Media LLC</b> – CQS engaged with Allen Media in October 2023 over concerns about a lack of a formal board of directors. In December 2023, Allen Media announced an expansion to their Board of Directors from 3 to 9 members, however, all of the new members were existing employees, which didn’t alleviate CQS’s concern about independent checks and balances.</p> <p>CQS, in collaboration with other lenders representing at least a third of total debt holdings, are in the process of formally requesting the Board appoint at least two independent board members.</p>

\*Columbia Threadneedle engagement data is at the firm level and for the year to 31 December 2023.