

Implementation Statement

B E Wedge Holdings Limited Retirement and Death Benefits Scheme

Scheme year ended 5 April 2024

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 2024**:

- 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.

The voting behaviour is not given over the Scheme year end to 5 April 2024 because investment managers only report on this data quarterly. We have therefore given the information over the year to 31 March 2024.

Investment manager and funds in use

The investment managers and funds in which the Scheme was invested as at 5 April 2024 are set out in the table below:

Manager	Fund	Asset Class
Legal & General Investment Management ("LGIM")	LGIM Passive Equity Portfolio	Equities
BlackRock Investment Management ("BlackRock")	Aquila Life Consensus Fund	Multi-Asset
Newton Investment Management ("Newton")	BNY Mellon Multi-Asset Global Balanced Fund	Multi-Asset
Wren Sterling	Portfolio of 25 underlying funds across a broad range of asset classes.	

The Scheme fully disinvested from the M&G Balanced Non-Property Fund in July 2023. Given the Scheme was only invested in the M&G fund for a small portion of the reporting period, we have not included the fund in this Implementation Statement.

Stewardship policy

The Trustee's Statement of Investment Principles ("SIP") in force as at 5 April 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in February 2024 and has been made available online here:

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

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this 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.

How voting and engagement/stewardship 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.
- Annually the Trustees receive and review voting information and engagement policies from both the asset managers and investment advisor (summarised in this report)
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the Scheme's fund managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the B E Wedge Holdings Limited Retirement and Death Benefits Scheme
August 2024**

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 over the year to 31 March 2024.

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

Manager	LGIM		BlackRock	Newton
Fund name	All World Equity Index (GBP Hedged and Unhedged)	Future World Equity Index (GBP Hedged and Unhedged)	Aquila Life Consensus 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 Trustees to influence the manager's voting behaviour.			
No. of eligible meetings	6,557	5,134	5,776	60
No. of eligible votes	64,058	52,212	62,863	1,141
% of resolutions voted	99.9%	99.9%	96.2%	100.0%
% of resolutions abstained as a percentage of the total number of resolutions voted on	0.5%	0.3%	1.4%	0.0%
% of resolutions voted with management as a percentage of the total number of resolutions voted on	79.3%	80.3%	92.1%	90.8%
% of resolutions voted against management as a percentage of the total number of resolutions voted on	20.2%	19.5%	6.6%	9.2%
% of resolutions voted against proxy voter recommendation as a percentage of the total number of resolutions voted on	11.4%	11.1%	0.4%	5.9%

Source: LGIM, BlackRock, Newton.

Totals may not sum due to rounding.

Wren Sterling

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

The Trustee has previously 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. As such, this information is not available for inclusion in this statement. To report on each individual fund would be disproportionate given the number of funds in the portfolio (25 as of 5 April 2024). Each fund within the Wren Sterling Portfolio represents less than 0.8% of the Scheme's overall assets.

Proxy Voting

LGIM

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with our position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

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.

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

At this time, the Trustee has not set stewardship priorities / themes 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 / themes.

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 Scheme. To represent the most significant votes, the votes of the largest holdings (where the outcome of the vote was provided) relating to each topic are shown below.

LGIM, All World Equity Index (GBP Hedged and Unhedged) and Future World Equity Index (GBP Hedged and Unhedged)

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Date of vote	7 December 2023	28 February 2024	24 May 2023
Approximate size of LGIM, All World Equity Index holding as at the date of the vote (as % of portfolio)	4.4%	4.0%	1.5%
Approximate size of LGIM, Future World Equity Index holding as at the date of the vote (as % of portfolio)	5.7%	4.5%	1.3%
Summary of the resolution	Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Report on Median and Adjusted Gender/Racial Pay Gaps
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. They note it is their policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against the resolution as they expect companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	LGIM voted against the resolution as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM believe this is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives.
Outcome of the vote	Pass	Fail	Fail

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on these issues and monitor company and market-level progress.		LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	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.	LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their clients' behalf.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.

Source: LGIM.

BlackRock, Aquila Life Consensus Fund

	Vote 1	Vote 2	Vote 3
Company name	YUM! Brands, Inc.	Chevron Corporation	ExxonMobil Corporation
Date of vote	18 May 2023	31 May 2023	31 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided		
Summary of the resolution	Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use	Oversee and Report a Racial Equity Audit	Report on Methane Emission Disclosure Reliability
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?		n/a	
Rationale for the voting decision	BlackRock did not support this proposal, which requested the company to issue a report detailing the company's efforts to reduce plastics use. In BlackRock's analysis, Yum!'s existing disclosures on plastics use – particularly their new packaging policy and reduction goals – are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks of plastics use.	BlackRock did not support this shareholder proposal because in their assessment, Chevron's policies and actions on diversity, equity, and inclusion largely address the issues of focus in the shareholder proposal, which was confirmed by the independent racial equity audit the company voluntarily undertook in the last year.	BlackRock did not support this shareholder proposal because, in their assessment, Exxon has provided sufficient disclosures on both their approach to methane emissions abatement as well as how they are working to accurately measure and monitor methane emissions.
Outcome of the vote	Fail	Fail	Fail

	Vote 1	Vote 2	Vote 3
Implications of the outcome	While BlackRock believe that the company's existing disclosures and commitments are sufficiently comprehensive for investors to understand their approach, they note that there are areas where the company could improve their disclosure particularly in setting targets for reusable packaging.	BlackRock believe that the report published in March and the company's underlying policies and practices as evidenced through Chevron's disclosures, demonstrate the robustness of the approach they take to diversity, equity, and inclusion (DEI).	BlackRock will continue to engage with Exxon on the important topic of methane emissions management generally, as well as on the technology and reporting of direct methane measurement.
Criteria on which the vote is considered "significant"		Data not provided	

Source: BlackRock.

Newton, BNY Mellon Multi-Asset Global Balanced Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Unilever Plc	Danaher Corporation
Date of vote	23 May 2023	3 May 2023	9 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.4%	1.6%	1.2%
Summary of the resolution	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Approve Remuneration Report	Elect Director Teri List
How the manager voted	Against management	Against management	Against management
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	No	No
Rationale for the voting decision	While the argument is acknowledged, voting in favour of this resolution can be considered as overstepping on management's prerogatives in strategy setting. However, Newton have abstained in line with their views that the current transition plan merits more robust 2030 goals in order to gain credibility.	Newton voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this.	Newton voted against the re-election of incumbent members of the audit committee owing to their failure to effectively oversee significant pledging activity.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	The significant dissent on the proposal shows concern from the shareholder base around Shell's transition plan.	Newton noted that the vote outcome is a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. The company has reached out to shareholders and Newton have communicated their concerns and reasons for adverse vote recommendations. Newton will continue exercising future votes in support of their views surrounding significant salary increases and alignment between pay and performance.	When put into context of director elections, Newton believe it is rare for an individual to attract such a high level of dissent and it is noted that the majority of the company's directors received significant levels of support. Newton feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.
Criteria on which the vote is considered "significant"	As a significant GHG emitter, it is critical for Shell to have a credible transition plan. Abstaining on this resolution would convey to the company, in addition to Newton's engagement, the need to add credibility to its transition planning.	The failed vote outcome owing to significant shareholder dissent merits this vote as significant.	Newton highlighted this vote as significant as they expect to continue recognising their fundamental governance concerns through their voting and engagement activities.

Source: Newton.

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.

Manager	LGIM	BlackRock	Newton	
Fund name	All World Equity Index (GBP Hedged and Unhedged)	Future World Equity Index (GBP Hedged and Unhedged)	Aquila Life Consensus Fund	BNY Mellon Multi-Asset Global Balanced Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	816	795	2,185	11
Number of entities engaged on behalf of the holdings in this fund in the year	542	530	1,394	5

Manager	LGIM	BlackRock	Newton
Number of engagements undertaken at a firm level in the year	2,144	3,749	42

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 each fund within the Wren Sterling Portfolio represents less than 0.8% of the Scheme's total assets.

Wren Sterling do not carry out engagement activities directly.

Examples of engagement activity undertaken over the year to 5 April 2024

LGIM, All World Equity Index (GBP Hedged and Unhedged) and Future World Equity Index (GBP Hedged and Unhedged)

Name of entity engaged: Volkswagen

Type of engagement: Firm-level

Topic: Human rights

Rationale for the engagement

Volkswagen is one of the largest automotive manufacturers in the world, with production facilities across multiple regions. Volkswagen has a particularly large presence in China, where it has been present since the 1980s. China comprised just under 40% of the company's global vehicle deliveries in 2022. Volkswagen opened a plant in Urumqi, Xinjiang in 2013 via one of its joint ventures ('JV'). Over recent years, multinational corporations have faced allegations of using forced labour in their operations in this region. In late 2022, MSCI responded to allegations of forced labour by assigning a red controversy flag to Volkswagen.

As part of their engagement, LGIM are looking to:

- Understand the nature of Volkswagen's presence in Xinjiang and how it enforces its governance practices via the JV.
- Work with the company as they identify a solution to obtain the removal of the red flag from the external agency.
- Determine long-term solutions to prevent future governance controversies relating to human rights- or labour-related practices.

Actions

LGIM have maintained a regular and continuous dialogue with the company for many years regarding strategic direction and other governance questions, e.g. following the 'Diesel-gate' scandal in 2015. Since MSCI assigned a red flag controversy in late 2022, LGIM increased their dialogue with the company further, and have engaged on the question of human rights and the company's presence in Urumqi with senior management including the

CFO and head of treasury, as well as investor relations. Communication has taken place via multiple communication channels, including in person, conference calls and written correspondence.

Outcomes and next steps

LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen resolved to obtain an independent audit of its joint ventures plant in Xinjiang, which was conducted in December 2023. The completion of the audit resulted in MSCI subsequently removing its red controversy flag. As a result of the removal of the red flag, it is now possible for a greater proportion of LGIM funds to participate in new bond issuances.

LGIM will continue to engage with Volkswagen about human rights and other governance topics, including the long-term future of the plant in Xinjiang and retain an open dialogue with the company and its management. LGIM's Stewardship team will continue also to exercise voting rights at the company, in line with their published policies and expectations, to escalate where appropriate.

BlackRock, Aquila Life Consensus Fund

Name of entity engaged: Restaurant Brands International

Type of engagement: Fund-level

Topic: Social and Governance

Rationale for the engagement

Restaurant Brands International, Inc. (RBI) is a holding company that operates quick service restaurants and operates a number of franchise restaurants. BlackRock engages with companies to better understand how company leadership identifies and manages the material risks and opportunities in their business model that, in their assessment, can impact their ability to deliver durable financial performance for long-term investors. BlackRock engaged with RBI at the company's 2023 annual general meeting on the shareholder proposal to report on the company's business strategy in the face of labour market pressure. In particular, the proposal requested that:

- RBI explain how the Company's strategy programs and incentives enable franchisees to adopt competitive employment standards including wages and benefits; and
- demonstrate the effectiveness of its strategy through the disclosure of aggregated human capital performance indicators and information.

Actions

BlackRock recognizes the distinct complexities, including important legal considerations, resulting from nearly all of RBI's restaurants operating under a franchise model. While Blackrock acknowledges that RBI could improve their currently limited labor-related disclosures, the company indicated that they are committed to doing so in the near term.

Outcomes and next steps

Therefore, BlackRock determined it would be more constructive to continue to monitor company progress on this issue. Accordingly, BlackRock did not support the shareholder proposal.

Newton, BNY Mellon Multi-Asset Global Balanced Fund

Name of entity engaged: Exelon Corp.

Type of engagement: Fund-level

Topic: Environment - Climate change

Rationale for the engagement

Scope 3 is the largest source of emissions for the company. Although Exelon is a pure Transmission & Distribution utility with no direct control over the generation business, it can engage and influence the generation utilities to move towards renewables and reduce Scope 3 emission through its own initiatives. The absence of Scope 3 reduction target would raise questions on the seriousness of a holistic climate transition plan and would deepen the difference between the company and peers that intend to set such targets and impact the business resilience in a low-carbon world.

Actions

Having discussed with the company the challenges it faces in setting a credible Scope 3 target, Newton think that a comprehensive target is possible.

The company acknowledges the feasibility of setting Scope 3 targets considering that in the long run the impact of the Inflation Reduction Act will shift the majority of power generation to non-fossil / lower carbon sources, suggesting that the value chain emissions for T&D players would be considerably lower as generation mix moves towards renewables.

The company needs to first better understand and strengthen its conviction in the assumptions other companies and itself have made on the probably shift towards clean energy in the medium to long-term and demand and price assumptions.

Outcomes and next steps

The company acknowledged our message on the issue and we will be expecting more clarity on scenarios in the near future as a first step to set a Scope 3 targets in the medium- to long-term

However, Newton acknowledge the complex task for the company as it operates in far more US states with less stringent decarbonization plans compared to peers who operate in lesser states with more aggressive decarbonization plans. Setting a Scope 3 target in these cases where the company's outlook is disconnected from the demand will not add credibility to the target and make its achievement near impossible.

This will be a medium to long term engagement and Newton will continue to engage with Exelon on Scope 3 emission reduction targets. We expect such a target to be disclosed in the medium-term.