

HENRY BUTCHER PENSION FUND AND LIFE ASSURANCE SCHEME

YEAR ENDED 31 DECEMBER 2023

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2023. This Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 (as amended) and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise the returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

Investment Strategy

During the year, the Scheme de-risked the strategy (90% matching assets, 10% growth assets), by making full redemption of the equity fund (Global 70:30 Equity Index fund), disinvesting partly from the corporate bonds fund (Fixed Interest >15Yr fund) and the Diversified Fund to invest in gilts through the All Stocks Gilts Index (which the Scheme already held investments in), Fixed Interest Gilts and Index Linked Gilts Index >5Yr (new funds). All funds are invested with LGIM.

Review of the SIP

The Scheme's SIP was last updated in March 2023 to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019.

Scheme's Investment Structure

Over the course of the year, the Scheme's assets were invested directly into pooled funds, which are managed by a third party investment manager.

As such, the Trustees have no direct relationship with the underlying companies that ultimately received the invested capital.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustees' policy on ESG factors, Stewardship and Climate Change. The policies were last reviewed in March 2023. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.

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ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Voting and Engagement

In the relevant year, the Trustees have not engaged with the underlying pooled fund manager on matters pertaining to ESG, stewardship or climate change. However, the Scheme's investment consultant, on behalf of the Trustees, reviews the stewardship and ESG policies of the fund manager periodically and reports on this to the Trustees.

Voting Activity

The Trustees have delegated their voting rights to Legal & General Investment Manager ("LGIM") as sole investment manager for the Scheme's assets. As a result, the Trustees do not use the direct services of a proxy voter, although the investment manager may employ the services of proxy voters in exercising their voting rights on behalf of the Trustees.

As per point 4.4 of the SIP, The Trustees believe that environmental, social and corporate governance ("ESG") factors have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit consideration.

The investment manager is expected to evaluate a number of factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with its own corporate governance policies and current best practice.

The investment manager is also expected to provide voting summary reporting on a regular basis (at least annually), and this statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

Given the nature of the underlying assets, the voting activity was only undertaken for the following fund, the only with voting rights attached due to underlying equity investments:

- LGIM - Diversified Fund.

Legal & General Investment Management ('LGIM') voting policies

Proxy Voting

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ('ISS') '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 their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

[Significant Vote \(description\)](#)

In determining significant votes, The Trustees consider a significant vote as any vote relating to material holdings (a company that represented top 10 holdings of each mandate in which the Scheme was invested during the majority of the year), this includes, but is not limited to:

- Climate Change: including low-carbon transition and physical damages resilience;
- Human Rights: including modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones;
- Diversity, Equity and Inclusion: including inclusive & diverse decision-making;

For the 12 months to 31 December 2023, the key voting activity on behalf of the Trustees was as follows:

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Diversified Fund

Key votes undertaken over the period are summarised below:

- There have been 9,077 votable meetings over the year. In these meetings, there were a total of 94,290 votable proposals;
- LGIM has participated in the vote for 99.8% of the 94,290 votable proposals. In 76.4% of these votes for proposals, LGIM has indicated their support to the companies' management, while voting against 23.4% of the proposals.

Holding details	Relevance for the Trustees	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
<p>Company Name: Prologis, Inc.</p> <p>Approximate size of holding as at the date of the vote: 0.42%</p> <p>Date of vote: 4 May 2023</p>	<p>Vote related to Diversity, Equity and Inclusion on a Top10-holding.</p>	<p>Voted Against Elect Director Jeffrey L. Skelton.</p>	<p>Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board and to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Further, LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills.</p>	<p>Vote Passed. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Holding details	Relevance for the Trustees	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
<p>Company Name: Shell Plc.</p> <p>Approximate size of holding as at the date of the vote: 0.30%</p> <p>Date of vote: 23 May 2023</p>	<p>Vote related to Climate change on a Top10-holding.</p>	<p>Voted Against Approve the Shell Energy Transition Progress.</p>	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledged 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>Vote Passed. LGIM continues to undertake extensive engagement with Shell on its climate transition plans</p>
<p>Company Name: Tencent Holdings Limited</p> <p>Approximate size of holding as at the date of the vote: 0.25%</p> <p>Date of vote: 17 May 2023</p>	<p>Vote related to Climate change on a Top10-holding.</p>	<p>Voted Against Elect Jacobus Petrus (Koos) Bekker as Director.</p>	<p>Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p>	<p>Vote Passed. LGIM will continue to engage with the company and monitor progress.</p>

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Holding details	Relevance for the Trustees	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
<p>Company Name: American Tower Corporation</p> <p>Approximate size of holding as at the date of the vote: 0.22%</p> <p>Date of vote: 24 May 2023</p>	<p>Vote related to Diversity, Equity and Inclusion on a Top10-holding.</p>	<p>Voted Against Elect Director Robert D. Hormats.</p>	<p>Diversity: A vote against is applied due to the lack of gender diversity at executive officer level.</p>	<p>Vote Passed. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
<p>Company Name: Toyota Motor Corp.</p> <p>Approximate size of holding as at the date of the vote: 0.21%</p> <p>Date of vote: 14 Jun 2023</p>	<p>Vote related to Climate change on a Top10-holding.</p>	<p>Voted For Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement.</p>	<p>LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, they believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions.</p>	<p>Vote Failed. LGIM will continue to engage with the company and monitor progress.</p>

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Holding details	Relevance for the Trustees	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
<p>Company Name: EQT AB</p> <p>Approximate size of holding as at the date of the vote: 0.20%</p> <p>Date of vote: 30 May 2023</p>	<p>Vote related to Diversity, Equity and Inclusion on a Top10-holding.</p>	<p>Voted Against</p> <p>Re-elect Conni Jonsson as Board Chair.</p>	<p>Lead Independent Director: A vote against is applied as LGIM expects the presence of an independent lead director to ensure there is sufficient challenge to management.</p> <p>Further, LGIM expect companies to increase female participation both on the board and in leadership positions over time.</p>	<p>Outcome unknown</p> <p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
<p>Company Name: Public Storage</p> <p>Approximate size of holding as at the date of the vote: 0.17%</p> <p>Date of vote: 02 May 2023</p>	<p>Vote related to Climate change on a Top10-holding.</p>	<p>Voted For</p> <p>Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal.</p>	<p>Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.</p> <p>This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>	<p>Vote Failed.</p> <p>LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.</p>