



Dewhurst Plc Pension Fund and Life Assurance Scheme (‘Scheme’)

31 May 2024 Implementation Statement

October 2024

1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the Dewhurst Plc Pension Fund and Life Assurance Scheme (the ‘Scheme’) in relation to the Scheme’s Statement of Investment Principles (the “SIP”).

The SIP was amended once during the year ending 31 May 2024, and the changes made were predominantly to amend operational details relating to the management of the Scheme’s assets including updating the name of the Actuary and the Investment Advisor, and to reflect the Trustees’ alignment with the Schroders Engagement Blueprint.

This SIP came into force from January 2024.

A copy of the current SIP signed and dated can be found here <https://dewhurst-group.com/reports-documents/>.

This Implementation Statement covers the period from 1 June 2023 to 31 May 2024 (the “Scheme Year”). It sets out:

- How the Trustees' policies on stewardship have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

The latest guidance (“the **Guidance**”) from the Department for Work and Pensions (“**DWP**”) aims to encourage the Trustees of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme’s SIP. With the help of the Scheme’s Fiduciary Manager, to whom the Trustees delegated the implementation of their Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustees have complied with the DWP’s statutory guidance.

The Trustees use the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (referred to as the “**Fiduciary Manager**” in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as “**Underlying Investment Managers**”) to manage part of the Scheme’s assets, and investments with these managers are generally made via pooled funds, where the Scheme’s investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website: <https://dewhurst-group.com/reports-documents/>.

2. How the Trustees' policies on stewardship have been followed over the Scheme Year

As described in the SIP, the Trustees' approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustees take responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustees' investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Fiduciary Manager has chosen **Climate Change, Natural Capital & Biodiversity**, and **Human Rights** as its focus for the stewardship actions it performs on behalf of the Scheme. The Trustees expect that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. While delegating stewardship activities to the Fiduciary Manager, the Trustees have their own priority themes of Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. The Trustees will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society.*" Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustees encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustees' stewardship policy, the Trustees reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustees to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustees are satisfied that the expectations outlined in the SIP have been met, with the Fiduciary Manager taking the Trustees' stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- ❖ Exclusions of Global Norms Violators as part of the security selection process. This ensures a closer alignment of the Scheme's investments with the Trustees' stewardship priorities, as violators are generally viewed as causing significant harm to People or Planet.
- ❖ Incorporation of SustainEx™ scoring into the core equity allocation process, in both the initial screening process and as a constraint at a total portfolio level. SustainEx™ is Schroders' proprietary tool to translate social and environmental impacts into financial costs.
- ❖ Conducting manager research to identify value-adding, climate-aware equity funds to potentially allocate some of the Scheme's capital to, subject to further due diligence.

- ❖ Introducing a cash fund that offers improved environmental characteristics to the Scheme's previous cash fund, with equivalent cost and return track record. After carrying out appropriate due-diligence in early 2024, the Scheme's existing cash assets have now been invested in this fund.
- ❖ Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- ❖ ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios.
- ❖ Introduction of new 'impact' metrics into quarterly reporting, such as Implied Temperature Rise (measuring the contribution of the Scheme's investments to global warming) and SustainEx™ scoring, to facilitate better Trustee oversight of the impacts of the Scheme's capital on the environment and society.

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustees' behalf during the Scheme Year within the growth asset portfolio and the liability hedging portfolio, the Trustees are pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with their stewardship policy.

Specifically, the Trustees noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting During the Scheme Year

The Trustees have delegated responsibility for voting on their behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees, in line with the Trustees' stewardship policy.

Voting by the Fiduciary Manager

Over the year to 31 May 2024, regarding clients' pooled fund investments¹, the Fiduciary Manager voted on 59 resolutions across 10 meetings. The Fiduciary Manager voted against management on 4 resolution (6.8% of total resolutions) and abstained on 19² resolutions (32.2% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Voting by the Underlying Investment Managers

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the BNY Mellon Schroder Solutions Stable Growth Fund;
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes.

The BNYM Stable Growth Fund constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustees' stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog³. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustees outline one vote relating to each of the priority themes that they deem most material to the long-term value of the investments. These votes are hereby defined as "most significant votes", and as per DWP guidance, the Trustees have communicated this definition of "most significant votes" to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

CLIMATE CHANGE – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company's commitment to support the goals of the Paris Agreement and the

¹ The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

² The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

³ Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

Norwegian Government's expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to "specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals". This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement's most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders' proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

NATURAL CAPITAL AND BIODIVERSITY - At the General Motors Company annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to "disclose the company's policies on the use of deep-sea mined minerals in its production and supply chains". This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is "working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made". The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company's position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company's position on DSM but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders' proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

HUMAN RIGHTS - At the JP Morgan Chase Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report "outlining the effectiveness of JPMorgan Chase Co.'s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples' rights in its existing and proposed general corporate and project financing." Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company's ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

CORPORATE GOVERNANCE - At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespeth Benefits and Investments, led by the Treasurer for the

State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders' support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

HUMAN CAPITAL MANAGEMENT – At the Goldman Sachs Group, Inc. annual general meeting (AGM) on 24 April 2024, Schroders voted for a shareholder resolution asking the board to publish an annual report describing and quantifying the effectiveness and outcomes of GS' efforts to prevent harassment and discrimination against its protected classes of employees. Schroders argue that support for this proposal is warranted as the company has failed to adequately address concerns regarding ongoing harassment and discrimination at the company, and the resulting reputational and financial risk. Shareholders would benefit from greater transparency on how the company is managing these issues, and what steps are being taken to improve the company's culture. Schroders believe how they have voted is in the best financial interests of clients' investments. Management voted against this resolution, believing that the adoption of the proposal is unnecessary given their "zero tolerance" approach to harassment and discrimination. This shareholder resolution was not approved, so Schroders intend to engage with Goldman Sachs on the topic raised in this resolution as well as others over the coming year.

DIVERSITY AND INCLUSION – At the Exxon Mobil Corp. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution requesting an additional pay report on gender and racial basis. Proponents of the resolution highlight that racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. And since the United Kingdom and Ireland mandate disclosure of median gender pay gaps, Exxon Mobil already provides this information for United Kingdom employees, so investors should be able to expect the same level of disclosure for all employers. Schroders believe that reporting would better show structural issues around diversity and therefore believe that it is in the best financial interests of their clients. Management voted against this proposal as they argued that their annual "Investing in People" report goes beyond disclosing their EEO-1 data and therefore makes the proposal unnecessary. This shareholder proposal was unsuccessful, and so Schroders intend to engage with Exxon Mobil on the topic raised in this resolution as well as others over the coming year.

Summary Voting Statistics

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 30 June 2024 for the most material, active funds held on behalf of the Trustees that had voting rights during the period.

<i>Equity Funds</i>	BNYM Stable Growth Fund	Morant Wright Fuji Yield Japanese Fund	FSSA All China Fund (1 Nov 23 – 30 Jun 24)
Total meetings eligible to vote	736	59	74

Total resolutions eligible to vote	9,843	756	731
Of resolutions eligible to vote, % of resolutions voted on	94%	100%	100%
Of voted resolutions, % vote with management	87%	88%	93%
Of voted resolutions, % vote against management	13%	12%	7%
Of voted resolutions, % abstained	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	11%	N/A	7%

Note:

- Votes for the BNYM Stable Growth Fund are an aggregation of votes exercised by BNY Mellon over H2 2023 and Schroders Investment Management over H1 2024.
- BNY Mellon uses Institutional Shareholder Services, “ISS”, for proxy voting services and Glass Lewis for research. Schroders Investment Management use Glass Lewis “GL” for proxy voting services and receive ISS’s Benchmark research. Alongside ISS’s research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- BNYM have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.
- A new equity fund, **FSSA All China**, held at the Scheme Year-end, was introduced into the Growth portfolio in November 2023. Due to the Scheme’s limited investment period in this fund during this Scheme Year, the Trustees elected to not include the 12-month voting statistics for this fund, and only report on the activity over the months invested.

Alternative Funds	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	North Rock Fund
Total meetings eligible to vote	<i>Data not provided</i>	<i>Data not provided</i>	340
Total resolutions eligible to vote	5535	2622	<i>Data not provided</i>
Of resolutions eligible to vote, % of resolutions voted on	97%	97%	100%
Of voted resolutions, % vote with management	75%	60%	100%
Of voted resolutions, % vote against management	12%	8%	0%

Of voted resolutions, % abstained	12%	31%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	0%

Note:

- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services.
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.

The Trustees are satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustees believe that they have satisfactorily implemented the Stewardship Policy stated in the Scheme’s SIP.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Fiduciary Manager and Underlying Investment Managers of the Scheme’s actively managed holdings can be found here:

Investment Manager Underlying Investment Manager	Voting Engagement Policy
Schroders Solutions	https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf
Bank of New York Mellon	https://www.mellon.com/content/dam/mellondotcom/pdf/disclosures/proxy-voting-guidelines-mellon.pdf
Morant Wright	https://www.morantwright.co.uk/sites/default/files/policies/voting_policy_2023.pdf
SCOR	https://www.scor-ip.com/sites/default/files/2023-05/SCOR_IP_Shareholder%20engagement%20policy_EN_052023.pdf
T Rowe Price	https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf
Neuberger Berman	https://www.nb.com/en/global/esg/engagement
CBRE	BRE Global ESG policy: https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf
Insight	https://www.insightinvestment.com/investing-responsibly/
Leadenhall	https://www.leadenhallcp.com/esg/