

# Implementation statement

## Introduction

This implementation statement (the “Statement”) is produced alongside the Trustee Report and Accounts and is required by pensions regulations. Grant Thornton Pensions Trustees Limited as trustee of the Fund (the “Trustee” and the “Fund” respectively) has prepared this Statement to provide stakeholders with a transparent and accurate review of how it has acted in line with the stewardship policies, including engagement and voting, set out in the Statement of Investment Principles (the “SIP”) during the accounting year.

This Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies (“Stewardship Policy”) during the year; and
- Specifically, how the Fund’s investment managers voted and engaged on our behalf.

This statement has been prepared by the Trustee to cover the period 30 June 2023 to 30 June 2024.

The Statement is publicly available at

<https://schemedocs.com/grant-thornton-statement-investment-principles.html>

## Executive summary

The day-to-day management of the Fund’s assets is delegated to Cardano Risk Management Limited (the “Fiduciary Manager” or “Cardano”). In advance of the appointment, the Trustee took steps to ensure that the management of the Fund’s assets and the Fiduciary Manager’s policies were aligned with the Trustee’s own policies. The Trustee continues to monitor the Fiduciary Manager, as part of its regular interactions with them.

The Trustee monitors the voting and engagement activity of the Fund’s investment managers, and, through the Fiduciary Manager, challenges their decisions. Effort is focused on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that the Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers and receives a summary of the Fiduciary Manager’s overall assessments once a quarter.

During the 12-month period covered by the Statement, the Trustee underwent a competitive tender and selection process, following which they appointed Cardano as new Fiduciary Manager, replacing BlackRock Investment Management (UK) Limited (the “Previous Fiduciary Manager” or “BlackRock”). This appointment necessitated a transfer of assets from BlackRock to Cardano. This statement uses BlackRock data for the period from 30 June 2023 to 31 December 2023, and Cardano data for the period from 1 January 2024 to 30 June 2024.

Unless otherwise stated, the Trustee policies referenced throughout this Statement relate to the most up-to-date policies in place at 30 June 2024, that were drafted by the Trustee under advice from their current Fiduciary Manager, Cardano.

## Implementation statement (continued)

### 1. Our Stewardship Policy

#### 1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management and oversight of capital to create long-term value, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on shares owned and engaging with the management of companies or properties in which we have a stake.

#### 1.2. What is our Stewardship Policy?

The Stewardship Policy in force at the end of the 12-month period was:

“The Trustee’s policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Fund’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council...

...Where relevant, the Trustee prefers its investment managers to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy.

The Fiduciary Manager is responsible for engaging with investment managers regarding those investment managers’ voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact (and the Trustee monitors the Fiduciary Manager’s activity in this regard).”

#### 1.3. How have we implemented our Stewardship Policy?

##### Fund structuring

The Trustee holds investments primarily on an indirect basis through pooled funds, but also holds some assets such as Government Bonds directly. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, which in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers act consistently with the Trustee’s Stewardship Policy. The Trustee achieves this by ensuring that the Fiduciary Manager’s beliefs and policies on engagement, manager selection and manager monitoring are aligned with the Stewardship Policy.

## Implementation statement (continued)

### External engagements

The Trustee assesses that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the period since their appointment. For example, the Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, including those noted below.



### Engagement beliefs

The development of engagement beliefs is an important Trustee responsibility. The day-to-day implementation of the beliefs has been delegated to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with the Trustee's.

The beliefs driving the Fiduciary Manager's approach to engagement are as follows:

#### Quality over quantity

The Fiduciary Manager is interested in a few meaningful quality engagements with strong reporting (rather than being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

#### Long-term

The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

#### Real world impact

The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

#### Transparency

Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

#### Collaboration

Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

## Implementation statement (continued)

### Innovation

The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

### Integrated

The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

### Engagement priorities

The Trustee has recently selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals and aim to improve sustainability within the portfolio and have a direct real-world impact to our members' current and future landscape. The Trustee's three stewardship priorities are:

- **Climate Crisis** (with a focus on climate change and net zero greenhouse gas emissions)
- **Environmental Impact** (with a focus on biodiversity, deforestation and water)
- **Human Rights** (with a focus on living wages, gender equality and health & nutrition)

The Trustee expects the investment managers to incorporate these themes into their future voting practices and the Fiduciary Manager monitors manager disclosures to ensure alignment against our priorities.

### Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with the Trustee's Stewardship Policy. The Fiduciary Manager monitors the investment managers on an ongoing basis, ensuring their activities align with the Stewardship Policy and engaging with the investment managers to help them improve their stewardship approach.

The Fiduciary Manager closely monitors investment managers who do not meet the stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors the voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. Managers are categorised according to how material voting and engagement is in their mandate. The Fiduciary Manager focuses its efforts on any managers where voting and engagement is material.

The Fund invests in a series of Private Market investments. Most of these strategies own controlling stakes in the underlying businesses, meaning that stewardship and engagement is evidenced in a much broader way than, for example, investing in company shares that are listed on a stock market (i.e. public market investments).

One important way for a Private Markets investment manager to add value is to ensure that each business has the best corporate governance possible – dictating and controlling the policies and make up of senior leadership (versus voting at shareholder meetings). Engagement is, therefore, highly relevant in some cases and we include some examples in the relevant section of this report.

### Compliance statement

To the best of our knowledge, the Trustee has complied with the Stewardship Policy over the year.

# Implementation statement (continued)

## 2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Fund and given the use of pooled funds, there is limited scope for the Trustee to directly influence voting. Voting is carried out by the investment managers on behalf of the Trustee.

### 2.1. How did the managers vote?

The tables below provide a summary of the voting activity undertaken by the managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments the Fund has the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Fund invests with, directly or indirectly, are subject to the Trustee’s Stewardship Policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations. In some cases, aspects of a manager’s voting activity may not be included in this document; where we have concerns that public disclosure would be detrimental to the success of the investment strategy of the Fund.

BlackRock: 30 June 2023 to 31 December 2023

### Emerging Market Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	197
% of eligible resolutions the manager voted on	78%
% of votes with management	71%
% of votes against management	7%
% of resolutions the manager abstained from	0%

### Multi-themes Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	4,615
% of eligible resolutions the manager voted on	97%
% of votes with management	84%
% of votes against management	13%
% of resolutions the manager abstained from	0%

Implementation statement (continued)

Systematic Global Small Cap Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	1,707
% of eligible resolutions the manager voted on	93%
% of votes with management	87%
% of votes against management	6%
% of resolutions the manager abstained from	0%

Systematic A Share Opportunities Equities (sold end-October 2023)

Manager response	
Number of resolutions the manager was eligible to vote on over the period	1,403
% of eligible resolutions the manager voted on	100%
% of votes with management	78%
% of votes against management	22%
% of resolutions the manager abstained from	0%

Sustainable Equity Factor Plus

Manager response	
Number of resolutions the manager was eligible to vote on over the period	286
% of eligible resolutions the manager voted on	100%
% of votes with management	99%
% of votes against management	0%
% of resolutions the manager abstained from	1%

Implementation statement (continued)

MSCI USA Value Factor

Manager response	
Number of resolutions the manager was eligible to vote on over the period	206
% of eligible resolutions the manager voted on	100%
% of votes with management	100%
% of votes against management	0%
% of resolutions the manager abstained from	0%

Japan Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	427
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	5%
% of resolutions the manager abstained from	0%

Asia Pacific Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	941
% of eligible resolutions the manager voted on	100%
% of votes with management	93%
% of votes against management	7%
% of resolutions the manager abstained from	0%

Implementation statement (continued)

UK Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	4,367
% of eligible resolutions the manager voted on	97%
% of votes with management	94%
% of votes against management	3%
% of resolutions the manager abstained from	0%

US Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	875
% of eligible resolutions the manager voted on	100%
% of votes with management	99%
% of votes against management	1%
% of resolutions the manager abstained from	0%

European Equities

Manager response	
Number of resolutions the manager was eligible to vote on over the period	80
% of eligible resolutions the manager voted on	100%
% of votes with management	90%
% of votes against management	8%
% of resolutions the manager abstained from	2%



Implementation statement (continued)

Cardano: 1 January 2024 to 30 June 2024

Cardano Global Sustainable Equity Fund

Manager response	
Number of resolutions the manager was eligible to vote on over the period	22,714
% of eligible resolutions the manager voted on	98%
% of votes with management	75%
% of votes against management	24%
% of resolutions the manager abstained from	1%

2.2. Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves) if, for example: the investment manager lacks the resource to research each vote and submit votes; or, the investment manager wants to follow a recognised code of practice and the proxy voting service is an effective way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council’s (FRC) Stewardship Code.

The Trustee recognises that by having a suitable Stewardship Policy in place and using the Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly in the case of smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Fund’s investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
BlackRock	While we subscribe to research from the proxy advisory firms Institutional Shareholder Services and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company’s own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.
Cardano	We have selected Glass Lewis as a proxy provider to deliver vote recommendation and execution services. Glass Lewis applies the custom voting policy of Cardano and an audit process is in place with Glass Lewis to ensure the policy is applied correctly.

## Implementation statement (continued)

### 2.3. Examples of significant votes

When collating voting statistics, we asked managers to provide examples of significant votes cast. The tables provide a sample of responses received.

**BlackRock: 30 June 2023 to 31 December 2023**

#### Emerging Market Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Alibaba Group Holding Limited	28/09/2023	Elect Independent Director Kabir Misra	For	Vote in favour of appointing an independent director as the Chairman of the board is not independent, and a lead independent director has not been identified.

#### Multi-themes Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Oracle Corp. Japan	24/08/2023	Elect Director Natsuno, Takeshi	Against	This outside director sits on more than four boards of directors or audit & supervisory boards of listed companies.

#### Systematic Global Small Cap Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Safari Industries (India) Ltd.	27/11/2023	Approve Issuance of Bonus Shares	Against	We vote against bonus shares issuance due to negative tax implication for investors.

#### Systematic A Share Opportunities Equities (sold end of October)

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Beijing Capital Eco-Environment Protection Group Co., Ltd.	26/12/2023	Approve to Appoint Auditor	Against	Concerns about the professional qualification of the auditor.

## Implementation statement (continued)

### Sustainable Equity Factor Plus

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Electronic Arts Inc.	10/08/2023	Submit Severance Agreement (Change-in-Control) to Shareholder Vote	Against	Executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.

### MSCI USA Value Factor

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
NetApp, Inc.	13/09/2023	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Against (with management)	Shareholders should have the right to act without waiting for the company to call a shareholder meeting. At this company, shareholders already have the right to act by calling a special meeting.

### Japan Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Kusuri No Aoki Holdings Co., Ltd.	17/08/2023	Appoint Shareholder Director Nominee Ikei, Yoshiaki	For	The proposed candidate will contribute to improvement of corporate governance of the company.

### Asia Pacific Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Qantas Airways Limited	03/11/2023	Approve Remuneration Report	Against	Remuneration arrangements are poorly structured and remuneration committee discretion has been used poorly.

## Implementation statement (continued)

### UK Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Domino's Pizza Group Plc	30/06/2023	Approve Remuneration Policy	Against	Poor use of remuneration committee discretion regarding the grant of a one-off award and regarding remuneration increases.

### US Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Oracle Corporation	15/11/2023	Report on Median and Adjusted Gender/Racial Pay Gaps	For	It is in the best interests of shareholders to have access to greater disclosure on this issue.

### European Equities

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Compagnie Financiere Richemont SA	06/09/2023	Reappoint Maria Ramos as Member of the Compensation Committee	Against	Pay is not properly aligned with performance and/or peers, remuneration committee discretion has been used poorly and remuneration arrangements are poorly structured.

Implementation statement (continued)

Cardano: 1 January 2024 to 30 June 2024

Cardano Global Sustainable Equity Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Yara	28/05/2024	Shareholder proposal regarding science-based scope 3 targets requesting the company to set comprehensive science-based scope 3 target in line with a 1.5C pathway	As a co-filer of the resolution, we voted 'for' the resolution.	<p>Yara is part of the by Shareaction coordinated chemicals decarbonisation engagement program which Cardano actively participates in, and their progress has been lagging. Scope 3 emissions account for about 75% of their total emissions but Yara does not have a comprehensive 1.5°C aligned scope 3 target.</p> <p>After two years of engagement, Yara has not provided a credible reason for not setting an ambitious scope 3 target and could not give assurances that the company will be operating in line with a 1.5°C degrees pathway, despite investors raising this concern repeatedly in meetings. Various investors, including Cardano, therefore decided to escalate the engagement by co-filing a shareholder resolution.</p>

3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to divestment or exclusions practices, in order create positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

## Implementation statement (continued)

The tables below provide examples of engagement activity of the Fund's investment managers where engagement should be a material activity in the management of the assets.

### **BlackRock: 30 June 2023 to 31 December 2023**

#### **UK Equities**

Key Points	Engagement activity
<p><b>Engagement Theme:</b></p> <p><b>Governance</b></p> <p><b>Industry:</b></p> <p><b>Auto</b></p> <p><b>Outcome:</b></p> <p>In September 2023, the company appointed two new independent directors to the board, raising the independence of the board to BlackRock's desired 50% level. Furthermore, the firm's CEO stepped down from the audit committee to improve the composition and independence of the committee</p>	<p>BlackRock had taken the time to better understand the firm's governance structure and the composition of its board and various committees. They found the board and the audit committee (which the CEO sat on) to be below their preferred 50% independence.</p> <p>Consequently, BlackRock voted against the CEO's appointment to the audit committee in 2021, and again raised concerns in 2022, including voting against the appointment of a nominated director.</p> <p>Prior to the 2023 AGM, BlackRock again raised these concerns, as well as highlighting the length of tenure of the independent non-executive director sitting as chair of the board.</p>

#### **Systematic Global Small Cap Equities**

Key Points	Engagement activity
<p><b>Engagement Theme:</b></p> <p><b>Governance</b></p> <p><b>Industry:</b></p> <p><b>Software</b></p> <p><b>Outcome:</b></p> <p>The company has been responsive to shareholder feedback and has demonstrated that this feedback is informing changes they have made to their executive remuneration practices</p>	<p>BlackRock has engaged with the firm following concerns over two features of their compensation program. Firstly, they elected to grant equity awards, allowing the earning of a fixed number of shares since 2005. In this period (ending 2022), investors saw very high returns which alongside receiving additional shares year-on-year, led to an opportunity for large pay-outs.</p> <p>Secondly, their long-term incentive plans for employees were only linked to one metric, earnings per share. BlackRock prefer these metrics to be varied and preferably within management's control.</p> <p>As a result, BlackRock voted against the proposed compensation policy and will continue to engage with the firm to improve their remuneration practices.</p>

# Implementation statement (continued)

Cardano: 1 January 2024 to 30 June 2024

Cardano Global Sustainable Equity Fund

Key Points	Engagement activity
<p><b>Engagement Theme:</b></p> <p><b>Social / Governance</b></p> <p><b>Industry:</b></p> <p><b>Entertainment software</b></p> <p><b>Outcome:</b></p> <p>Over 2023, the firm demonstrated via its new ESG report that a cohesive strategy had been developed to manage diversity, equity, and inclusion (DEI) initiatives. In April 2024, a conference call was held between the company, Sustainalytics and investors regarding a more systematic approach to DEI progress within the overall management plan. They stated that the DEI policy will be aligned, but independent from their parent company. Sustainalytics and Cardano will monitor the implementation of this in the second half of 2024.</p>	<p>In July 2021, the California Civil Rights Department (CRD) filed a civil lawsuit against the firm for violations of equal pay laws through its treatment of female employees. The CRD found evidence that they discriminated against their female employees in their employment terms and that female employees were subjected to constant sexual harassment by male co-workers, supervisors and high-ranking executives. In their initial response, the firm denied the accusations; however, soon after, the company’s CEO, announced a third-party review of the company’s procedures.</p> <p>In July 2021, our provider, Sustainalytics, initiated contact with the firm and the CEO acknowledged the issue and stated that action would be taken to address it. As of January 2022, their president, a senior vice president of human resources, a chief legal officer and three lead game designers stepped down from their positions and 37 employees exited for disciplinary reasons.</p>

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