Implementation Statement

Young's Bluecrest Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the Young's Bluecrest Pension Scheme ("the Scheme") to set out the following information over the year to 31 March 2024:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- 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.

Stewardship policy

The Trustee's Statement of Investment Principles ("SIP") in force at 31 March 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in March 2024 and has been made available online here:

https://schemedocs.com/download/Youngs-Statement-Investment-Principles.pdf?ver=2023

The Trustee decided not to set stewardship priorities for the Scheme. The Scheme invests entirely though pooled funds where the Scheme's assets only represent a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the manager. Additionally, only 10% of the Scheme's assets were invested in assets with voting rights attached. Therefore, the Trustee decided not to set stewardship priorities.

However, 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 through their implementation statement and through annual ESG reporting provided by the Scheme's investment advisors.

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 in instruments (such as equities) that have voting rights. The Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Scheme's investment consultant, Barnett Waddingham, has undertaken an initial review of the stewardship and engagement activities of the current managers using their internal research teams. The Trustee is satisfied that the managers' policies are reasonable, and no remedial action is required.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee uses ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues. In October 2023, the Trustee received

an ESG Monitoring Report from the Scheme's investment advisors setting out their internal ratings of the Funds.

- Over the year to 31 March 2024; Ruffer, Columbia Threadneedle and Janus Henderson presented at the July 2023, October 2023, and March 2024 Trustee meetings respectively. At each of these, the manager provided the Trustee with an update on their ESG processes toward, stewardship, and engagement. No actions were taken following these discussions.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies.

Prepared by the Trustee of the Young's Bluecrest Pension Scheme
June 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's return-seeking assets on behalf of the Trustee over the year to 31 March 2024. The Scheme's LDI and cash portfolio with Columbia Threadneedle has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Ruffer	Janus Henderson
Fund name	Absolute Return Fund	Multi Asset Credit Fund
Structure	Segregated	Pooled
Ability to influence voting behaviour of manager	The segregated mandate allows the Trustees to engage with the manager and influence their voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	64	1
No. of eligible votes	1,020	2
% of resolutions voted	100.0%	100.0%
% of resolutions abstained[1]	2.0%	0.0%
% of resolutions voted with management[1]	94.9%	100.0%
% of resolutions voted against management[1]	3.1%	0.0%
Proxy voting advisor employed[1]	Institutional Shareholder Services (ISS)	Institutional Shareholder Services (ISS)
% of resolutions voted against proxy voter recommendation	9.6%	Not applicable

[1] As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. As the Trustee has chosen not to set stewardship priorities, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". Ruffer have provided a selection of 13 votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 of these votes, 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 relating to each topic are shown below.

Janus Henderson were unable to provide any information on significant votes over the period. Two resolutions were voted on in the period to 31 March 2024. Janus Henderson consider votes to be significant if the votes are against management with the highest level of dissent, followed by votes that received significant levels of overall dissent. Neither of the two resolutions were deemed to meet this criteria and so no significant vote information was provided. We continue to work with the Scheme's investment managers to improve the level of reporting provided.

A summary of the significant votes provided is set out below.

Ruffer, Absolute Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Swire Pacific	BP Plc	ArcelorMittal
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.28%	0.48%	0.29%
Summary of the resolution	Governance - Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights	Environmental - Approve Shareholder Resolution on Climate Change Targets	Governance - Reelect Lakshmi Niwas Mittal as Director
How the manager voted	Against	Against	For
Rationale for the voting decision	In line with the ISS view. HK listing rules allow for 20% equity issuance without pre-emptive rights. ISS's global view is that 10% should be the limit for this type of thing. As much as the family has behaved well over time, there is always risk that given their control over the business that they could dilute the minority shareholders. Limiting this to 10% without pre-emptive rights is in Ruffer's best interests.	BP has, in Ruffer's opinion, outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the	Ruffer are voting in line with the company but against ISS. ISS has flagged that Mr. Mittal is overboarded. He has two other boards, Aperam (Which is a spin out from ArcelorMittal), where he is a non-exec Chairman and Goldman Sachs Group, where he is a non-executive. Ruffer do not believe that Mr Mittal's commitments are excessive and believe that he is still able to commit the time required for his role at the company. As a result, they are voting for his re-election.

	Vote 1	Vote 2	Vote 3
		wrong asset) is not in the best interests of generating shareholder value. This resolution asks for "BP to align its 2030 Scope 3 aims with Paris". Firstly, this would require a wholesale shift in strategy, which Ruffer believe is unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation has no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030. Ruffer believe this burden is unfair, particularly in the context of BP making long-cycle investment decisions.	
Outcome of the vote	The resolution passed with 89.3% votes in favour.	The resolution failed with 83.3% votes against.	The resolution passed with 94.9% votes in favour.
Implications of the outcome	Ruffer will continue to engage with the company on governance issues and vote on equity issuance proposals where they deem it to have material impact to the company.	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which deem as unnecessary.	Ruffer will continue to engage with the company on governance issues and feedback their concerns on the representation on the Board.
Criteria on which the vote is considered "significant"	Ruffer believe this vote will be of particular interest to their clients. They agree with ISS in their judgement that aggregate share issuance should not be greater than 10 percent of the relevant class of shares for issuance for cash and non-cash consideration.	Ruffer believe this vote will be of particular interest to their clients. They support management in their effort to provide clean, reliable and affordable energy.	Ruffer believe votes on the election of directors for material holdings are significant. These arise after discussion between members of the research, portfolio management and responsible investment teams.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have been shown at a firm level below.

Manager	Ruffer	Janus Henderson	Columbia Threadneedle[1]
Fund name	Absolute Return Fund	Multi Asset Credit Fund	LDI Portfolio
Number of entities engaged on behalf of the holdings in this fund in the year	25	35	867
Number of engagements undertaken at a firm level in the year	66	865	1,424

[1]Data over the period 31 December 2022 to 31 December 2023. Data is available at a firm level only.

Examples of engagement activity undertaken over the year to 31 March 2024

Ruffer, Absolute Return Fund

Name of entity engaged: ArcelorMittal

Type of engagement: Firm level

Topic: Health and Safety

Rationale for engagement: The objective of the engagement was to:

- To understand the company's response to a fatal incident in Kazakhstan;
- to follow up on the CEO's recent statement on its approach to health and safety;
- to encourage the widest possible scope for its independent review of safety practices, from governance and oversight to asset-level performance and including contractors and sites where it doesn't have operational control; and
- to ask when a final report or progress update could be expected.

Outcomes and next steps: ArcelorMittal said its initial response was to provide financial support to the immediate families of the deceased and assist the government of Kazakhstan's investigation into the mine disaster. ArcelorMittal noted that safety performance worsened during the pandemic but had since improved outside the Commonwealth of Independent States. As the appointment of a suitable party to conduct the safety audit is not yet confirmed, the company cautiously suggested a further update by the 2024 AGM.

With insights from the company's plant in Belgium, Ruffer understand that operations and activities in a highly regulated advanced country may differ markedly to operations in a less developed or differently regulated country. Pending the results of the investigation and any possible charges, ArcelorMittal clearly cannot give further guidance at this time. Ruffer will continue discussions with the company, both individually and collaboratively, and await the independent health and safety review.

Janus Henderson, Multi Asset Credit Fund

Name of entity engaged: Heathrow Airport

Type of engagement: Fund level

Topic: Greenhouse Gas Emissions, Labour Practices and Cyber Security

Rationale for engagement: Henderson organised a meeting with Heathrow Airport as part of their thematic review of the airport industry. Henderson's specific concerns included social issues (labour relations and cyber security) as well as environmental topics (carbon emissions). They aimed to enhance their understanding of these risks and to assess management's actions in addressing them.

Actions: Management first addressed Henderson's questions regarding the labour strikes that hit Heathrow over the summer months by outlining the remedial action it was able to take in terms of reallocating staff, etc. Heathrow was able to agree on a pay deal for both 2023 and 2024 with security staff. The financial cost of the strikes is reflected in a payment system whereby Heathrow has to provide a rebate to airlines, should it fall below certain performance targets. This is expected to be the case for 2023.

However, some issues are effectively beyond management's control. For example, baggage handlers are employed by the airlines, not the airport. Similarly, the UK's air traffic control system, which also broke down around the same time, is managed exogenously.

Management explained that Heathrow is designated as a national interest entity and therefore works closely with the UK government on cyber security processes and testing. The management team confirmed that there had been no material impacts from cyberattacks to date.

Another topic explored in the meeting was how Heathrow manages its relationship with third-party contractors, particularly with regard to ESG issues. Management explained that it has 400 partner companies. All direct suppliers are given ESG scorecards with the aim of ensuring their operations are aligned with Heathrow's own targets. For indirect suppliers, the process is one of active engagement, although clearly they are less able to influence outcomes.

On the subject of net zero in the broader air travel industry (Heathrow's scope three emissions), management outlined its engagement with the government through the Civil Aviation Authority (CAA) and JetZero (the UK regulation for net zero travel). The UK government has set a 2040 net zero target for airports. Management shared that at the moment JetZero assumes that sustainable aviation fuel (SAF) will become more widespread. Henderson questioned whether this was compatible with Heathrow's existing infrastructure and management shared that there will be no additional capital expenditure required regarding the more to SAF. However elsewhere they are spending £300m capex on a number of carbon reducing measures including moving to electric vehicles across the airport.

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Outcomes and next steps: Data not available

Columbia Threadneedle("CT"), Firm Level

Name of entity engaged: Umicore SA

Type of engagement: Firm level

Topic: Environmental

Rationale for engagement: Umicore is a leading auto catalysts manufacturer for emissions controls in the light and heavy-duty vehicle industry, aiming to position itself as a producer of battery materials for electric vehicles, stationary storage and portable electronics. It also has significant refining and metal recycling capabilities and is especially proficient in Platinum Group Metals (PGM) refining. Under Umicore's 2030 RISE project (its new strategic plan designed to accelerate value creative growth launched in 2022), the company expects to further build on its leadership position within clean mobility materials and recycling. This growth will come with increased stress of key environmental and social concerns associated with these activities – notably around water usage, waste management and employee health and safety. Indeed, recycling can be a dirty business, as highlighted by past problems around lead pollution at Umicore's Hoboken site – specialised in recycling batteries through extraction of precious metals such as silver, gold and platinum.

Actions: CT had a call with Umicore's ESG Director to discuss how the company is dealing with its material ESG issues against a backdrop of planned expansive growth. On the environmental side, the company has had their 2030 emissions reduction targets approved by SBTi, including an intensity-based scope 3 target. Whilst CT pushed for an absolute target to be set, Umicore felt that this is not currently viable under the current growth strategy. Umicore launched a dedicated water stewardship programme last year. CT used this call as an opportunity to better understand the work carried out to date, and what to expect for the year ahead. The company has identified its first two sites where it sees potential water issues (both in Belgium) – and are hopeful of setting some quantitative targets – e.g. relating to water use/re-use/levels drawn/intensity – later this year.

Umicore admitted that waste management continues to be an issue. The largest portion of waste is at its Hoboken site, focused on recycling activities, where half of the input mix is secondary materials. Any hazardous waste that cannot be recycled is disposed of in line with regulatory requirements. Positively, the company confirmed that it is looking into ways to best report on these recycling activities and ultimately hopes to set recycling targets in the future.

Outcomes and next steps: Umicore is well aware of its environmental and social impacts, and is refreshingly honest in its assessment of where it currently stands. Whilst there is undoubtedly still work to be done to mitigate and minimise these impacts, CT are extremely encouraged with the steps the company is taking to address them. CT look forward to developments around its water stewardship programme later this year and expect to see site level targets for its “at-risk” sites. CT also expect to see the company continue to develop its safety practices and protocol in a bid to see a fall in Lost Time Accidents in the next reporting cycle after a rise in 2022.