

## Implementation Statement

### Häfele UK Limited Retirement and Death Benefits Plan

This Implementation Statement has been prepared by the Trustees of the Häfele UK Limited Retirement and Death Benefits Plan ("**the Plan**") and sets out the following information over the year to **31 December 2023**:

- The voting activity undertaken by the Plan's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

### Trustee policies on voting and engagement

The Trustees' Statement of Investment Principles (SIP) in force at 31 December 2023 describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

*The Trustees' policy on undertaking engagement activities in respect of the investments is that these should be done by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses..*

The Trustees' SIP was last updated in December 2023. The SIP has been made available online here:

[Häfele UK Limited Retirement and Death Benefits Plan - Statement of Investment Principles](#)

### How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers. The Trustees have decided not to set stewardship priorities since the Plan no longer holds any investments with voting rights, as at 31 December 2023, and therefore have limited scope to influence stewardship moving forward. However, the Trustees take stewardship, climate risk, and ESG factors into account at manager selection.

Investment rights have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, and which are provided to the Trustees from time to time, taking into account the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realization of investments where appropriate.

The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximize shareholder value as a long-term investor.

**Prepared by the Trustees of the Häfele UK Limited Retirement and Death Benefits Plan  
March 2024**

## Voting Data

The table below provides a summary of the voting activity undertaken by each manager over the year to 31 December 2023. Voting only applies to funds that hold equities in their portfolio which, were held through pooled funds. The investment managers for these funds vote on behalf of the Trustees. Legal & General's Matching Core Liability Driven Investment (LDI) Funds, Buy & Maintain Credit Fund and Single Stock Gilt Funds do not participate in voting activities on behalf of the holdings in the funds.

The Plan disinvested from the relevant funds in October 2023, however the table below provides a summary of the voting activity undertaken by each manager over the full year to 31 December 2023.

Manager	Nordea Investment Management	Legal & General Investment Management	Baillie Gifford & Co
Fund name	Nordea GBP Diversified Return Fund	LGIM Dynamic Diversified Fund	Baillie Gifford Diversified Growth Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	Limited <sup>1</sup>	Limited <sup>1</sup>	Limited <sup>1</sup>
Number of company meetings the manager was eligible to vote at over the year	200	9,871	66
Number of resolutions the manager was eligible to vote on over the year	2,486	101,264	703
Percentage of resolutions the manager voted on	98.19%	99.80%	94.59%
Percentage of resolutions the manager abstained from	5.12%	0.26%	0.30%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	83.08%	76.59%	96.99%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	11.80%	23.15%	2.71%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	5.37%	14.08%	n/a <sup>2</sup>

<sup>1</sup> The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.

<sup>2</sup> Baillie Gifford vote in line with their in house policy and not with the proxy voting providers' policies.

## 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 Trustees over the year to be set out. The guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities. As the Trustees have decided not to set stewardship priorities for the Plan, the Trustee has asked the investment manager to determine what they believe to be a significant vote for the purpose of this Implementation Statement. A summary of the data they have provided is set out in the tables below.

## Nordea Investment Management, Nordea GBP Diversified Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Mastercard Incorporated	The TJX Companies	eBay inc
<b>Date of vote</b>	27 June 2023	06 June 2023	21 June 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.52	0.80	1.24
<b>Summary of the resolution</b>	Political Lobbying Disclosure	Report on assessing due diligence on human rights in supply chain	Reduce Ownership Threshold for Shareholders to Call Special Meeting to 10%
<b>How the manager voted</b>	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Nordea shared their concern with the Chairman of the board.	Nordea shared their concern with the Chairman of the board.	No
<b>Rationale for the voting decision</b>	Nordea believe that additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.	Nordea believe that additional information regarding the processes the company uses to assess human rights impacts in its operations and supply chain would allow shareholders to better gauge how well TJX is managing human rights related risks.	Nordea think that the proposed 10 percent ownership threshold for shareholders to call a special meeting would enhance shareholders' ability to make use of the right, and the likelihood of abuse of the right is small.
<b>Outcome of the vote</b>	Against	Against	Against
<b>Implications of the outcome</b>	Nordea will continue to support shareholder proposals on this issue as long as it is needed.	Nordea will continue to support shareholder proposals on this issue as long as it is needed.	Nordea will continue to support shareholder proposals on this issue as long as it is needed.
<b>Criteria on which the vote is considered "significant"</b>	Significant votes are those that are severely against Nordea's principles, and where they feel they need to enact change in the company.		

## Legal & General Investment Management, Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Tencent Holdings Limited	Shell Plc	Eversource Energy
<b>Date of vote</b>	17 May 2023	23 May 2023	3 May 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.17	0.28	0.15
<b>Summary of the resolution</b>	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 1.9 - Elect Director Joseph R. Nolan, Jr.

How the manager voted	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	<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>Remuneration Committee: A vote against has also been applied because LGIM expects the Committee to comprise of independent directors.</p>	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledge 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>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>
<b>Outcome of the vote</b>	88.4% of shareholders supported the resolution.	80.0% of shareholders supported the resolution.	71.4% of shareholders supported the resolution.
<b>Implications of the outcome</b>	LGIM will continue to engage with the company and monitor progress.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.	LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM considers this vote to be significant as it is an application of an escalation of their voting policy on the topic of the combination of the board chair and CEO.

## Baillie Gifford, Diversified Growth Fund

	Vote 1	Vote 2	Votes 3
<b>Company name</b>	Prysmian S.P.A.	Prologis, Inc	Nextera Energy, Inc.
<b>Date of vote</b>	19 April 2023	4 May 2023	18 May 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.59	0.63	0.05
<b>Summary of the resolution</b>	Remuneration	Remuneration	Shareholder Resolution - Social
<b>How the manager voted</b>	Against	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	No	No
<b>Rationale for the voting decision</b>	Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business. Baillie Gifford are not convinced that this use of discretion meets that bar.	Baillie Gifford opposed executive compensation because they do not believe the performance conditions for the long term incentive plan are sufficiently stretching.	Baillie Gifford supported a shareholder resolution requesting the company report on median pay gaps across race and gender. They believe that the additional disclosure would allow shareholders to better assess the internal equity of pay and would also allow comparability over time and across organisations.
<b>Outcome of the vote</b>	Pass	Fail	Fail
<b>Implications of the outcome</b>	Baillie Gifford have supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.	Following casting their vote, Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.	Baillie Gifford will communicate our decision to support the shareholder resolution with the company and will explain their rationale for doing so. Although the resolution failed to secure enough support to pass, it did receive support from more than 24% of shareholders.
<b>Criteria on which the vote is considered "significant"</b>	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.

## Fund level engagement

The Plan's investment managers engage with 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. Engagement activities are limited for the Scheme's LDI and gilts due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Legal & General Investment Management	Nordea Investment Management	Baillie Gifford & Co
<b>Fund name</b>	Dynamic Diversified Fund* Maturing Buy & Maintain Credit Fund 2040-2054**	Nordea GBP Diversified Return Fund*	Baillie Gifford Diversified Growth Fund*
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	Dynamic Diversified Fund: 1,911 Maturing Buy & Maintain: 105	131	32
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	Dynamic Diversified Fund: 1,519 Maturing Buy & Maintain: 59	88	21
<b>Number of engagements undertaken at a firm level in the year</b>	2,486	1,238	744
<b>Examples of engagements undertaken with holdings in the fund</b>	<p>In the fourth quarter of 2023, LGIM continued its Climate Impact Pledge with portfolio companies. LGIM select c.100 'dial-mover' companies for in-depth engagement.</p> <p>One of the companies identified, Nucor, has announced a net-zero emissions commitment with interim targets and a published decarbonisation plan.</p> <p>LGIM view this as a significant step, as they had previously voted against the Chair for failing to meet LGIM's guides under their Climate Impact Pledge.</p>	<p>Nordea continue to engage with Waste Management, discussing emissions initiatives and reporting. This engagement has given Nordea further insights on how the company is progressively addressing their environmental footprint and they see ongoing improvements within the company's ESG aspects.</p> <p>Nordea also engaged with Colgate-Palmolive to discuss the findings of a report published from Planet Tracker, which states that Colgate is allegedly on a +3 degrees pathway. Colgate representatives expressed their disagreement with planet trackers assessment and reiterated their</p>	<p>Baillie Gifford followed up on previous wildfire risk exposure questions they sent to NextEra Energy, to discuss how it approaches and mitigates physical climate risks.</p> <p>The company has been focused on resilience measures for well over a decade and the increasing challenges from a changing climate - including wildfires - have naturally become an extension of this effort. Baillie Gifford discussed the range of operational and maintenance efforts employed strategically by the company, alongside cost recovery mechanisms via</p>

Manager	Legal & General Investment Management	Nordea Investment Management	Baillie Gifford & Co
		goal to align with 1.5 degree by 2040.	regulatory rate setting and grid hardening priorities over the much longer term. Baillie Gifford expect their analysis of this risk to continue into 2024.

*\*Please note that the Scheme fully disinvested from its DGF holdings in October 2023, but the engagement data provided applies to the 12 months to 31 December 2023.*

*\*\* Investment into the LGIM Maturing Buy & Maintain Credit Fund 20240 – 2054 was completed in October 2023. Data is shown for the full year up to 31 December 2023.*