

Implementation Statement

Hendrickson Europe Limited Pension and Assurance Scheme

This Implementation Statement has been prepared by the Trustee of the Hendrickson Europe Limited Pension and Assurance Scheme ("the Scheme") and sets out the following information over the year to 31 December 2023:

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

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2023 and has been made available online here:

<https://schemedocs.com/download/hendrickson-europe-statement-of-investment-principles.pdf?ver=2024>

The Trustee has decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers.

Additionally, under the Scheme's current investment strategy, none of the Scheme assets invested in assets with voting rights attached. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also review the stewardship and engagement activities of the investment managers annually.

Trustee policies on voting and engagement

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

"The Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustee's rights and duties as shareholders, 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."

How voting and engagement 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 entirely in pooled funds, and as such the Trustee delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.

- LGIM have confirmed that they are signatories to both the Financial Reporting Council's UK Stewardship Code 2012 and UK Stewardship Code 2020.
- The Trustee, with input from its investment consultant, annually receives and reviews (through its Implementation Statement and Sustainability Monitoring Report), the voting information and engagement policies of their investment managers to ensure alignment with its own stewardship policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above in accordance with its policies, the Trustee is comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the Hendrickson Europe Limited Pension and Assurance Scheme
April 2024**

Voting Data

As at 31 December 2023, the Scheme holds a 100% Protection portfolio, which consist of LGIM's credit, gilt and index-linked gilt funds. Voting is not applicable to these funds as they invest only in fixed income assets, which have no voting rights. Therefore, no voting data is presented for the purpose of this Implementation Statement.

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 gilt and index-linked gilt funds due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

Investment Manager	LGIM
Fund name	LGIM Buy & Maintain Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	154
Number of entities engaged on behalf of the holdings in this fund in the year	81
Number of engagements undertaken at a firm level in the year	2,486

Data as at 31 December 2023.

Examples of engagement activity undertaken over the year to 31 December 2023

Legal & General Investment Management

Kansai Electric Power

Kansai Electric Power are one of the largest electric utilities companies in Japan. LGIM identified several governance areas for improvement, noting that the company appears to lag some of their minimum expectations on board composition. LGIM believe that through its improvement, it could have a positive influence more broadly upon this sector in Japan.

Following a bribery scandal in 2020 involving former directors, LGIM noted that the company underwent significant changes to improve governance. LGIM believe these changes have been positive, but still observe some areas where they think improvements could be made, relative to their minimum expectations. Specifically, these include:

- Director independence and the presence of executives on committee which LGIM think should be fully independent (e.g., the Remuneration Committee);
- Cross-shareholdings;
- Limits to tenure of senior advisors to the board.

LGIM noted that they are pleased that the company meets their expectations for gender diversity in Japan (15% female representation on the board), which they also expect to increase over time.

Regarding climate change and LGIM's expectations under the Climate Impact Pledge, they noted the company's lack of interim emissions targets and lack of time-bound commitment to exit coal-fired power generation as an area for discussion.

In their meeting with Kansai Electric Power, LGIM noted they were able to discuss these areas in detail to better understand its approaches to governance and climate, and to talk in-depth about related areas such as responsibility for executing the net zero transition plan.