

The Hurlingham Club Retirement Benefits Scheme

Implementation Statement for the Year to 31 December 2023

This Implementation Statement has been prepared by the Trustees of the Hurlingham Club Retirement Benefits Scheme ("the Scheme") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 December 2023.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 December 2023 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2023 and has been made available online here:

<https://schemedocs.com/download/hurlingham-club-statement-investment-principles.pdf>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

As part of the Trustees' stewardship policy, sustainability is a stewardship priority for the Scheme. The Trustees expect their relevant asset managers to be able to evidence their stewardship activity in this area, which the Trustees monitor annually. Therefore, this is an area which the Trustees believe they can meaningfully monitor progress and engage with their asset managers over time.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invests its assets using pooled funds and delegates responsibility for carrying out voting and engagement activities to its investment managers.
- Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, 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 the companies in relation to ESG matters 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 maximise shareholder value as a long-term investor.
- The Trustees reviewed the stewardship and engagement activities of the current managers during the year, alongside preparation of the Implementation Statement.

- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues.
- In addition, the Trustees will continue the current approach of reviewing the voting information and engagement policies provided by both the asset managers, and our investment advisors as necessary, as part of regular manager presentations to the Trustees. They review this information to ensure alignment with the Trustees' stewardship priorities.

The Trustees were satisfied that the managers' policies were reasonable and no remedial action was required during the period. Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Hurlingham Club Retirement Benefits Scheme
May 2024**

Voting Data

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees. It follows that the Matching Core Funds and Sterling Liquidity Fund managed by Legal & General Investment Management ("LGIM") do not participate in voting activities on behalf of the holdings in the funds.

The table below provides a summary of the voting activity undertaken by each manager over the year to 31 December 2023, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

Manager	LGIM	Baillie Gifford	Morgan Stanley
Fund name	LGIM Retirement Income Multi-Asset Fund	Baillie Gifford Sustainable Growth Fund	Morgan Stanley Global Brands Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	10,288	66	34
Number of resolutions the manager was eligible to vote on over the year	106,017	884	561
Percentage of resolutions the manager voted on	99.79%	98.19%	100.00%
Percentage of resolutions the manager abstained from	0.25%	0.58%	0.18%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	77.35%	95.62%	88.95%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	22.40%	3.80%	10.87%
Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor*	13.64%	Not applicable	8.02%

*LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS's) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not

outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies.

Morgan Stanley use ISS as their proxy advisor. The International Equity Team makes all voting decisions for the portfolios they manage.

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 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 or themes.

The Trustees have therefore selected 3 votes from those provided by each manager which relate to the stewardship priority of the Scheme (sustainability).

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

LGIM Retirement Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
Company name	Toyota Motor Corp.	Shell Plc	Public Storage
Date of vote	14 June 2023	23 May 2023	2 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.18%	0.16%	0.14%
Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Approve the Shell Energy Transition Progress Update	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
How the manager voted	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	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.	
Rationale for the voting decision	LGIM view climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believe that companies should advocate for public policies that support global climate	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	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to

	Vote 1	Vote 2	Vote 3
	<p>ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, LGIM believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>	<p>leadership in pursuing low carbon products. However, LGIM 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>1.5C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5C goal.</p>
Outcome of the vote	15.1% of shareholders supported the resolution.	80.0% of shareholders supported the resolution.	34.7% of shareholders supported the resolution.
Implications of the outcome	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 monitor the board's response to the relatively high level of support received for this resolution.
Criteria on which the vote is considered "significant"	Pre-declaration and Thematic - Lobbying: LGIM believe that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They 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.	High Profile meeting: The resolution is considered significant due to the relatively high level of support received.

Baillie Gifford Sustainable Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com	Alphabet Inc	Amazon.com
Date of vote	24 April 2023	02 June 2023	24 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.34%	2.56%	1.34%
Summary of the resolution	Shareholder Resolution - Social	Shareholder Resolution - Social	Shareholder Resolution - Climate
How the manager voted	For	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Baillie Gifford supported a shareholder resolution requesting a report on how the company's climate strategy is consistent with a 'just' transition. Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. Baillie Gifford believe they should carefully consider the impacts their climate strategy will have on stakeholders and any barriers to implementation.	Baillie Gifford supported a shareholder resolution regarding lobbying alignment with the company's climate goals as they believe that shareholders will benefit from more transparency around this topic.	Baillie Gifford supported a shareholder resolution requesting a report on how its lobbying is consistent with its climate commitments. Baillie Gifford would like to see the company expand on their current reporting, specifically regarding risk assessment and procedures. Baillie Gifford believe ensuring congruence between their stated commitments and their actions will support them in achieving sustainable long term growth.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. The technological solutions Amazon will use to achieve net zero and the potential impact to stakeholders is currently uncertain.	This proposal first came up in 2022 – Baillie Gifford supported, and it received 19% overall support. The proposal requested the board to conduct an evaluation and issue a report describing if and how its lobbying activities	Baillie Gifford believed supporting this proposal would serve to signal that they would like to see more progress being made. Following the AGM Baillie Gifford

	Vote 1	Vote 2	Vote 3
	<p>Baillie Gifford recognise that the Company invests in a number of programs focussed on employee skills and career development. However, it is unclear how the Company considers its workforce, and other stakeholders, alongside its climate commitments. And given that adapting to climate change can have significant social and workforce implications, in order to avoid reputational, regulatory and legal risks, Baillie Gifford think it is important for the Company to carefully consider and disclose the impacts of its climate strategy on its workforce and other stakeholders. Following the AGM Baillie Gifford contacted the company to explain their views and they intend to engage with the company later in the year on climate and their net zero transition plan.</p>	<p>(directly and indirectly through trade associations and social welfare and non-profit organisations) align with the Paris Agreement's goal, and plans to mitigate the risks presented by any misalignment. Alphabet publicly supports the goals of the Paris Agreement, and already discloses a lot of information including a list of its membership in trade associations and policy-focussed non-profits, an annual lobbying report and their public policy vision for reducing carbon emissions and combating climate change to name a few. However, they do not disclose any information as to how they actually ensure their lobbying practices align with the Paris Agreement's goals. After consulting with the climate team and investment teams, Baillie Gifford decided that an alignment assessment would help to identify and address risks presented by misalignment and protect the credibility of Alphabet's leadership efforts on climate. This resulted in Baillie Gifford supporting the proposal. Ultimately, the proposal failed and following the AGM Baillie Gifford contacted Investor Relations to explain their decision. Baillie Gifford believe it is likely this subject will come up at the 2024 AGM, therefore Baillie Gifford will continue to engage on the matter with the company.</p>	<p>communicated their views to the company on this issue.</p>
Criteria on which the vote is considered "significant"	<p>This resolution is significant because it was submitted by shareholders and received greater than 20% support.</p>	<p>The Trustee considers this vote significant due to its theme of sustainability in-line with the agreed stewardship priority</p>	<p>This resolution is significant because it was submitted by shareholders and received greater than 20% support.</p>

Morgan Stanley Global Brands Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Microsoft Corporation	The Procter & Gamble Company
Date of vote	07 December 2023	07 December 2023	10 October 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.25%	0.25%	0.25%
Summary of the resolution	Report on Climate Risk in Retirement Plan Options	Report on Gender-Based Compensation and Benefits Inequities	Report on Third-Party Civil Rights Audit of Reverse Discrimination
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	The company has sufficiently met the requirements of the shareholder proposal.	The company has sufficiently met the requirements of the proposal.	The shareholder proposal is overly prescriptive.
Outcome of the vote	Failed	Failed	Failed
Implications of the outcome	The outcome is dependent on the investment team's consideration of financial materiality. Morgan Stanley may engage on the topic if considered a financially material long-term ESG risk or opportunity. Where they have voted against a shareholder proposal, this generally is an indication that they do not consider the issue potentially financially material and as such consider the issue completed with the vote.		
Criteria on which the vote is considered "significant"	The Trustee considers this vote significant due to its theme of sustainability in-line with the agreed stewardship priority	The Trustee considers this vote significant due to its theme of sustainability in-line with the agreed stewardship priority	The Trustee considers this vote significant due to its theme of sustainability in-line with the agreed stewardship priority

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by Baillie Gifford, Morgan Stanley and LGIM during the year. 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 has not been shown.

Manager	LGIM	Baillie Gifford	Morgan Stanley
Fund name	LGIM Retirement Income Multi-Asset Fund	Baillie Gifford Sustainable Growth Fund	Morgan Stanley Funds (UK) Global Brands Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	448 [*]	70	48
Number of engagements undertaken at a firm level in the year	2,137 separate engagements [*]	744 separate engagements	551 separate engagements ^{**}

^{*}Information available to 30 September 2023

^{**}Latest data available for 12 months to 30 June 2023

Examples of engagement undertaken

The table below summarises examples of engagement activity undertaken across all funds held by the Scheme during the year.

Fund	Engagement example
LGIM Retirement Income Multi-Asset Fund	<p>The top engagement topics at a fund level over the year were (information available to September 2023):</p> <ul style="list-style-type: none"> Climate Change

- Remuneration
- Deforestation
- Company Disclosure & Transparency
- Climate Impact Pledge

Climate Impact Pledge - LGIM launched its 6th engagement cycle of the Climate Impact Pledge over the year. Since 2021, LGIM increased the number of companies subject to direct engagement from 60 to over 100 companies in 20 climate-critical sectors on their approach to strategic approach to climate change, and to what extent they are aligning their businesses with the constraints and opportunities of a net-zero transition. Of the 105 companies we approached, 41% disclosed a net-zero commitment or target. Progress varies by sector. Many of the targeted companies in the auto, shipping and electric utilities sectors have set a net-zero target, while challenges remain in materials sectors (aluminium, cement, chemicals) and the oil & gas sector.

TSMC – Baillie Gifford spoke with numerous researchers and academics from Taiwanese think tanks and NGOs to understand the challenge TSMC faces in decarbonising its operations. The island relies heavily on imported fossil fuels, and nuclear power will be phased out by 2025. In 2021, renewables contributed just under 6% to its energy mix, and their expansion has been sluggish. Issues have included, but are not limited to, constrained land availability for solar supply chains and wind farm permitting. Given the direction of the current energy policy, Taiwan's grid will likely remain carbon-intensive for some time. Approximately 62% of TSMC's reported carbon emissions come from its electricity use. With most of its manufacturing taking place in Taiwan, the company's ability to decarbonise will be dependent on Taiwan's success in decarbonising. This is not just a moral imperative or environmental concern – some of TSMC's customers have ambitious scope 3 emissions reduction targets. If TSMC cannot manufacture greener semiconductor chips, the company may increasingly find itself at a competitive disadvantage. Baillie Gifford wanted to hear from the company about how it was addressing this challenge.

Baillie Gifford Sustainable
Growth Fund

In two meetings with the company in 2023, one with the CFO, Baillie Gifford raised their awareness of the company's challenges in decarbonising its operations in Taiwan. The company recently improved its target, aiming to achieve 40% of electricity consumption from renewable sources by 2030. The company has also signed the world's largest purchase power agreement with renewable energy company Ørsted. Baillie Gifford's estimates suggest that even accounting for its contribution meeting its 2030 goal will be challenging.

However, there are several other examples of the company ambitiously pursuing renewable purchasing exist. For instance, it has been purchasing almost 98% of Taiwan's renewable energy certificates, is self-installing renewables on new fabrication plants and supporting suppliers to purchase renewable power. Baillie Gifford encouraged the company's efforts to be proactive and stay ahead of these issues. Baillie Gifford have expressed their full support as long-term shareholders for the company incurring the short-term costs needed to ensure the long-term sustainability of its energy supply.

Despite the constraints facing TSMC, given the nature of Taiwan's electricity grid and the direction of its energy policy, Baillie Gifford believe the company is showing genuine ambition to decarbonise and take confidence that its commitment to greening its electricity supply is sincere.

Morgan Stanley Global Brands
Fund

L'Oreal – Morgan Stanley's objective was to understand the company's dependency and impact on nature and how they are managing and mitigating against such risks.

Morgan Stanley had an engaging meeting in March 2023 about key long-term financially material ESG risks including nature-related risks, living wages and reporting the business benefits of ESG action. Engagement focused on encouraging progress in material areas where they believe the company can make even greater progress. For example, on biodiversity, the company has an ambitious, market leading plan with strong targets and

demonstrable progress. Even so, Morgan Stanley encouraged L'Oréal to introduce internal pricing on key commodities such as water, given the companies' reliance on commodities that are at risk of increasing in price as society puts a higher cost on common goods.

This engagement confirmed Morgan Stanley's view that the company already has an ambitious, market leading biodiversity plan with strong targets and demonstrable progress. The company noted Morgan Stanley's asks to disclose their operations in biodiversity-sensitive regions and promote regenerative agricultural practices and also stated a desire to improve disclosure on action taken against breaches with regard to deforestation linked to palm oil. They were also pleased to see the company paying a living wage across 100% of strategic suppliers, which they believe could support building resilience in supply chains.