

The Churchill Group Retirement Benefits Scheme Implementation Statement for the year ended 31 May 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Churchill Group Retirement Benefits Scheme ("the Scheme") has followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 May 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

The Trustees' policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustees require the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there was one manager selection exercise in March 2023. The selection process looked at possible credit funds which could be considered for the proceeds disinvested from the growth funds as the Scheme de-risks. XPS only considered corporate bond funds available at Schroders in order to reduce scheme governance, coupled with comfort in the suitability of options available at Schroders. Of the three funds proposed by XPS, two were rated green by XPS with the third fund rated amber based on the XPS internal rating. As part of the selection, the Trustees considered the ESG credentials of the funds and selected a green rated fund highlighting the Trustees application of the Investment policy.

Ongoing governance

The Trustees, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Should the Trustees become aware that an investment manager's engagement and voting practices are inadequate or that the results of such engagement are mis-aligned with the Trustees' expectations, the Trustees will engage with the manager to encourage alignment. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the Trustees may consider terminating the relationship with that investment manager.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not,

to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees were satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree. At the time of writing, an updated SIP is being considered by the Trustees to reflect the implemented strategy changes, including the full redemption of the Abrdn GARS fund and the introduction of the Schroders Buy & Maintain Credit Over 2032 Fund. By implementing a de-risked strategy, the Trustees adhered to their objective to further reduce risk when the opportunity arises to do so.

Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities will also form part of the strategy for the growth funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. This voting information has been provided by the investment managers. The Trustees, with the help of their Investment Consultant, have considered the information the investment managers have been able to provide on significant voting, and have deemed the below information as most relevant. Based on this summary, the Trustees concluded that the investment managers have exercised their delegated voting rights on behalf of the Trustees in a way that aligns with the Trustee's relevant policies in this regard.

Schroders Diversified Growth Fund

Voting Information
Schroders Diversified Growth Fund
The manager voted on 94% of resolutions of which they were eligible out of 15,969 eligible votes.
Investment Manager Client Consultation Policy on Voting
The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from their clients. Schroders report transparently on their voting decisions with rationales on their website.
Investment Manager Process to determine how to Vote
As active owners, Schroders recognise their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless Schroders are restricted from doing so (e.g. as a result of share blocking).
Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.

The overriding principle governing their voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example, where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at their investee companies and, where Schroders have the authority to do so, vote on them in line with their fiduciary responsibilities in what Schroders deem to be the interests of their clients. Their Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in their Environmental, Social and Governance Policy) to each agenda item. In applying the policy, Schroders consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Their specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Their own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, their Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, Schroders voted on approximately 7600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

ISS automatically votes all their holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in their voting decisions as well as creating a more formalised approach to their voting process.

How does this manager determine what constitutes a 'Significant' Vote?

Schroders believe that all resolutions where Schroders vote against the board's recommendations on how to vote should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Does the manager utilise a Proxy Voting System? If so, please detail

Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines. In addition, Schroders receive ISS's Benchmark research. This is

complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Outcome of the vote
Alphabet Inc.	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	For	Fail
Schroders believe shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.			
Comcast Corporation	Conduct Audit and Report on Effectiveness of Sexual Harassment Policies	For	Fail
Schroders stated that such an audit would help the company identify and address any shortcomings in its diversity and inclusion programme			
Prosegur Cash SA	Approve Remuneration Policy	Against	Pass
<p>Schroders stated a vote against this item is warranted due to the following:</p> <ul style="list-style-type: none"> - The company's remuneration policy does not set clear guidelines on potential salary increase and the board has significantly increased the CEO's salary since he joined the company. - Information on the STI metrics remains insufficient. - The policy does not provide insurance that Global Optimum LTI awards vest after three years. 			
Bank of America Corporation	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For	Fail
The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. Schroders welcome additional disclosures that help better understand how the company is implementing its climate strategy.			
The Cigna Group	Report on Congruency of Political Spending with Company Values and Priorities	For	Withdrawn
Schroders believed a vote for this proposal is warranted, as more comprehensive information comparing Cigna's public policy statements and its direct and indirect political contributions and non-profit organization participation would enable shareholders to have a more comprehensive understanding of how the company oversees and manages risks from political activities conducted by its partners.			

Voting data is provided by Schroders, the Schroders DGF voting summary reflects the year to 31 May 2023. Schroders have deemed a total of 1387 votes to be significant across 551 meetings held over the period. For illustrative purposes, we have randomly selected 5 votes however, a full list of significant votes is available on request.

Schroders Managed Balanced Fund

Voting Information

Schroders Managed Balanced Fund

The manager voted on 95% of resolutions of which they were eligible out of 21,650 eligible votes.

Investment Manager Client Consultation Policy on Voting

The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from their clients. Schroders report transparently on their voting decisions with rationales on their website.

Investment Manager Process to determine how to Vote

"As active owners, Schroders recognise their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless Schroders are restricted from doing so (e.g. as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.

The overriding principle governing their voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at their investee companies and, where Schroders have the authority to do so, vote on them in line with their fiduciary responsibilities in what Schroders deem to be the interests of their clients. Their Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in their Environmental, Social and Governance Policy) to each agenda item. In applying the policy, Schroders consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Their specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Their own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, their Corporate

Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, Schroders voted on approximately 7600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

ISS automatically votes all their holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in their voting decisions as well as creating a more formalised approach to their voting process.

How does this manager determine what constitutes a 'Significant' Vote?

Schroders believe that all resolutions when Schroders vote against the board's recommendations on how to vote should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Does the manager utilise a Proxy Voting System? If so, please detail

Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, Schroders receive ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Outcome of the vote
Alphabet Inc	Report on climate lobbying	For	Fail

Schroder's stated the company was asked to produce a report on climate lobbying. They believe, shareholders are likely to benefit from a review of how the company and its trade associations' lobbying positions align with the Paris Agreement			
Comcast Corporation	Oversee and report a racial equity audit	For	Fail
Schroders stated such an audit would help the company identify and address any shortcomings in its diversity and inclusion programme.			
Gold Fields Ltd.	Approve Remuneration Implementation Report	Against	Pass
Schroders believe a generous bonus to the former CEO is unjustified particularly as there is lack of disclosure around the performance conditions achieved, assessments on the balanced scorecard or pro-rating for time and performance.			
PayPal Holdings, Inc.	Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Fail
Schroders stated that lowering the ownership threshold would enhance shareholders' rights.			
Conagra Brands, Inc.	Require Independent Board Chair	For	Fail
Schroders believe that the adoption of a policy codifying and requiring an independent board chair is not overly intrusive to the board's current practices, and would benefit shareholders in the long term.			

Voting data is provided by Schroders, the Schroders Managed Balanced Fund voting summary reflects the year to 31 May 2023. Schroders have deemed a total of 1974 votes to be significant across 735 meetings held over the period. For illustrative purposes, we have randomly selected 5 votes however, a full list of significant votes is available on request.

Agreed and adopted by the Trustees on

Signed: _____,

Trustees of the Churchill Group Retirement Benefits Scheme

