

The Churchill Group Retirement Benefits Scheme Implementation Statement for the year ended 31 May 2024

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 2024 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Statement of Investment Principles ("SIP") was updated in August 2023 to reflect changes to the Scheme's target asset allocation and expected return assumptions for the Scheme. Within this update, the Trustees updated their policies in relation to environmental, social and governance ('ESG') including voting and engagement issues. Post accounting year end, the SIP was updated in September 2024 to account for the further de-risking, the ESG policies remained consistent with this update.

The Trustees' policy on ESG and Stewardship

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.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager's compliance with best practice stewardship standards.

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 have been no such manager selection exercises.

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.

This statement includes high level reporting on engagement activities and outcomes from the Scheme's investment manager.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it followed the Scheme's policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. As at the accounting year end, the Scheme does not hold any equities, but have reported on the assets held for the majority of the year.

A summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

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 manager.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment manager.

The Trustees have confirmed this approach to be appropriate for the Scheme's investments. The information below is the investment manager's activity in relation to voting.

This voting information has been provided by the investment manager. The Trustees consider votes to be significant on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding.

Where the manager has provided a selection of significant votes, the Trustees have reviewed the rationale for significant votes provided by the managers and are comfortable with the rationale provided, and that it is consistent with their policy. The Trustees, with the help of XPS, have considered the information the investment managers have been able to provide on significant voting, and have deemed the below information as most relevant.

Disclaimer: Neither XPS Investment Limited ('XPSIL') nor the Trustees have vetted these votes. These summaries have been provided by the investment manager.

Manager Voting

Please note the voting information for all funds below covers the 12-month period to 31 March 2024. Please also note that over the period, the Trustees completed a full redemption from the Schroders Diversified Growth Fund and the Schroders Managed Balanced Fund.

Schroders Voting Policy:

Investment Manager Client Consultation Policy on Voting
<p>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.</p>
Investment Manager Process to determine how to Vote
<p>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 they are restricted from doing so (e.g. as a result of share blocking).</p> <p>Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their Proxy Voting Policy.</p> <p>Schroders' overriding principle governing 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 will vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.</p> <p>Schroders evaluate voting resolutions arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. Their Corporate Governance specialists assess each proposal and 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 that provided by Glass Lewis (GL), the Investment Association's Institutional Voting Information Services and public reporting. Schroders' own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.</p> <p>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.</p> <p>In 2023, Schroders voted on approximately 7,400 meetings and 95% of total resolutions, and instructed a vote against the board at over 52% of meetings.</p> <p>GL automatically votes all Schroders' holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in Schroders' voting decisions as well as creating a more formalised approach to their voting process.</p>
How does this manager determine what constitutes a 'Significant' Vote?
<p>Schroders believe that all resolutions when they vote against the board's recommendations 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.</p>
Does the manager utilise a Proxy Voting System? If so, please detail
<p>In Q4 2023, Schroders switched vendor from ISS to Glass Lewis (GL) who act as their one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with their own bespoke guidelines, in addition, they receive GL's Benchmark</p>

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

Schroders Diversified Growth Fund

Voting Information					
Schroders Diversified Growth Fund					
The manager voted on 93.9% of resolutions of which they were eligible out of 14,566 eligible votes. Of the resolutions on which the manager voted: 89.3% voted with management, 10.7% voted against management and 0.4% abstained from voting.					
Significant Votes during the Period					
Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager vote	Result
Fortescue Ltd.	21/11/2023	0.01%	Remuneration Report	Against	Fail
<p>On which criteria has the vote been assessed to be most significant: Compensation.</p> <p>Where voted against management, was this communicated: Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.</p> <p>Rationale: Schroders believe excessive discretion applied in recent years. Additionally, Schroders are concerned with the quantum of remuneration linked to 'strategic' goals and targets which are open to interpretation and are not guaranteed to create shareholder value. Schroders would prefer the reward for such move to be triggered by financial outcomes.</p> <p>Implication: Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.</p>					
Microsoft Corporation	07/12/2023	0.8%	Report on Risks of Operating in Countries with Significant Human Rights Concerns	For	Fail
<p>On which criteria has the vote been assessed to be most significant: Social.</p> <p>Where voted against management, was this communicated: Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.</p> <p>Rationale:</p>					

Shareholders would benefit from further disclosure on how the company mitigates risks in markets in which it operates where there are significant human rights concerns. Schroders believe how they have voted is in the best financial interests of their clients' investments.

Implication:

Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

Alphabet Inc.	02/06/2023	0.70%	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	For	Fail
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On which criteria has the vote been assessed to be most significant:

Blend of Environmental and Social

Where voted against management, was this communicated:

Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.

Rationale:

Shareholders would benefit from additional disclosure on how the company's lobbying activities align to its climate goals and how it addresses any misalignment with its trade associations and other indirect lobbying activities.

Implication:

Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

Jazz Pharmaceutical plc	03/08/2023	0.01%	Elect Director Rick E. Winningham	Against	Pass
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On which criteria has the vote been assessed to be most significant:

Director Election

Where voted against management, was this communicated:

Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.

Rationale:

Behind peers on climate risk management and oversight, Schroders believe the way in which they have voted is in the best financial interests of their clients' investments.

Implication:

Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

Oracle Corporation	15/11/2023	0.05%	Report on Median and Adjusted	For	Fail
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			Gender/Racial Pay Gaps		
<p>On which criteria has the vote been assessed to be most significant:</p> <p>Social</p> <p>Where voted against management, was this communicated:</p> <p>Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.</p> <p>Rationale:</p> <p>Shareholders could benefit from increased transparency on the effectiveness of companies' diversity, equity, and inclusion programs, and understand better how the company is positioning itself to realise the benefits of a diverse workforce. Schroders believe the way in which they have voted is in the best financial interests of their clients' investments.</p> <p>Implication:</p> <p>Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or their other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.</p>					

Voting data is provided by Schroders. The Schroders DGF voting summary reflects the year to 31 March 2024. Schroders have deemed a total of 1,466 votes to be significant across 1,109 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.

Engagement information

Engagement is an effective method of driving long-term positive change in company policies and practices and is applicable across all asset classes. A high-level summary of the number of engagement activities, as well as examples of engagement, by Schroders is shown further below.

The Scheme holds LDI with Schroders. Given the nature of these funds, engagement information has not been provided.

Engagement data provided by Schroders as at 31 December 2023

Please note, Schroders provide engagement data on an annual basis. As such the below reflects the 12-month period to 31 December 2023.

Schroders Diversified Growth Fund

Fund level engagement Information	
Engagement focus	<p>Constructive and committed engagement with management teams at the companies and assets Schroders invest in is a key element of the value Schroders believe they bring to their clients.</p> <p>Schroders have a long-standing commitment to support and collaborate with several industry groups, organisations and initiatives to promote well-functioning financial markets. Their key stakeholders include exchanges, regulators and international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.</p>

How many entities did you engage with over the last 12 months which were relevant to this strategy?	395
How many engagements took place over the last 12 months which were relevant to this strategy?	1,402

Topic*	Number of engagements over the 12 months to 31 December 2023
<i>Board diversity and inclusion</i>	23
<i>Boards and management</i>	61
<i>Carbon capture and removal</i>	21
<i>Circular economy, pollution and waste</i>	28
<i>Climate adaptation</i>	13
<i>Climate alignment - decarbonising and minimising emissions</i>	495
<i>Climate risk and oversight</i>	140
<i>Communities</i>	16
<i>Corporate culture and oversight of human capital</i>	48
<i>Customers and consumers</i>	47
<i>Deforestation</i>	57
<i>Engagement and representation</i>	6
<i>Executive diversity and inclusion</i>	9
<i>Executive remuneration</i>	70
<i>Health, safety and wellbeing</i>	24
<i>Investment in the workforce</i>	37
<i>Nature-related risk and management</i>	55
<i>Overarching approach to human rights</i>	15
<i>Purpose, strategy and capital allocation</i>	51
<i>Relationship with shareholders</i>	10
<i>Sustainable food and water</i>	28
<i>Transparency, risk and reporting</i>	40
<i>Value chain diversity and inclusion</i>	13
<i>Workers</i>	24
<i>Workforce diversity and inclusion</i>	24
<i>Just Transition</i>	9
<i>Other</i>	37

*Please note, the categories listed in the table above have been provided by Schroders.

The section below provides an example of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Ecora Resources
Topic of Engagement	Climate Change

Rationale for engagement	Schroders have selected climate change as one of their engagement blueprint themes as they believe that companies urgently need to transform their business models to collectively avoid the most catastrophic effects of climate change on people and the planet, and adapt to future temperature rises. Schroders engaged with Ecora Resources, a UK-listed small cap royalty and streaming company, which provides capital to the mining sector across diversified commodities. Schroders encouraged them to set emissions reduction targets for scopes 1, 2 and 3 and they introduced the company to the Science-Based Target initiative's (SBTi) small and medium-sized enterprise (SME) framework. This engagement is alignment with UN Sustainable Development Goal 13.
Engagement activity carried out	Schroders began to engage with Ecora Resources on climate change in 2022, encouraging them to set emissions reduction targets for scopes 1, 2 and 3. Schroders introduced the company to the Science-Based Target initiative's (SBTi) small and medium-sized enterprise (SME) framework. As a company with only 14 employees, this option allowed Ecora to overcome capacity constraints, whilst allowing it to set an industry-standard science-based target. Schroders were able to provide an example of a precious metals streaming company peer which had a validated goal via this route. The company subsequently agreed to discuss and consider if this could be a viable next step for them.
Outcomes and next steps	Ecora Resources have set emission reduction targets that are aligned with the Paris Agreement's goal of limiting global warming to 1.5°C which asks for GHG emissions to peak before 2025 and decline by a minimum of 43% by 2030. Specifically, the company has committed to reducing scope 1 and scope 2 emissions by 46%, by 2030, from a 2019 base year, and to measure and reduce its scope 3 emissions through engagement with its operating partners. As an additional objective, the company has committed to maintaining carbon neutrality regarding their scope 1, 2 and upstream scope 3 emissions. Schroders plan to continue to engage with the company to promote best practice going forward and to monitor progress.

Schroders Matching Plus Buy & Maintain Credit Sterling Cashflow 2032 - 2040 Fund

Fund level engagement Information	
Engagement focus	<p>Constructive and committed engagement with management teams at the companies and assets Schroders invest in is a key element of the value Schroders believe they bring to their clients.</p> <p>Schroders have a long-standing commitment to support and collaborate with several industry groups, organisations and initiatives to promote well-functioning financial markets. Their key stakeholders include exchanges, regulators and international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.</p>
How many entities did you engage with over the last 12 months which were relevant to this strategy?	4

How many engagements took place over the last 12 months which were relevant to this strategy?	4
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Topic*	Number of engagements over the 12 months to 31 December 2023
<i>Climate alignment - decarbonising and minimising emissions</i>	2
<i>Climate risk and oversight</i>	1
<i>Executive remuneration</i>	1

*Please note, the categories listed in the table above have been provided by Schroders.

The section below provides an example of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	UnitedHealth Group
Topic of Engagement	Human Capital Management
Rationale for engagement	Schroders' engagement is part of a collaborative effort coordinated around the CCLA Corporate Mental Health benchmark – designed to evaluate how listed companies approach and manage workplace mental health, based on their published information. The objective of Schroders' engagement with the company was to raise awareness of the importance of mental health in the workplace and initiate discussions on improving mental health practices. Schroders also wanted to understand the company's approach to providing mental health services to consumers, as a healthcare insurance provider.
Engagement activity carried out	<p>Schroders held a call with the company's Investor Relations team to provide more information about the CCLA Corporate Mental Health benchmark, including its methodology and how the company could improve its scores.</p> <p>Schroders followed up this meeting with further, more detailed discussion on the company's approach to mental health in the workplace, provision of services to consumers, and corresponding disclosures.</p>
Outcomes and next steps	Overall, Schroders feel encouraged by the company's approach to managing mental health for employees and customers, based on the engagement so far. Schroders look forward to additional disclosures around mental health services and further engagement on improving the provision of mental health services to employees and customers, focused on both accessibility and affordability.

Schroders Matching Plus Buy & Maintain Credit Sterling Cashflow Over 2037 Fund

Fund level engagement Information	
Engagement focus	<p>Constructive and committed engagement with management teams at the companies and assets Schroders invest in is a key element of the value Schroders believe they bring to their clients.</p> <p>Schroders have a long-standing commitment to support and collaborate with several industry groups, organisations and initiatives to promote well-functioning financial markets. Their key stakeholders include exchanges, regulators and</p>

	international and regional trade associations. For example, Schroders is a member of trade bodies such as the Investment Association in the UK, the European Fund and Asset Management Association (EFAMA), the Asia Securities Industry and Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in the US.
How many entities did you engage with over the last 12 months which were relevant to this strategy?	44
How many engagements took place over the last 12 months which were relevant to this strategy?	83*

*A single engagement may be included under multiple categories and therefore the below table may total to more than 83.

Topic*	Number of engagements over the 12 months to 31 December 2023
<i>Board diversity and inclusion</i>	1
<i>Boards and management</i>	1
<i>Carbon capture and removal</i>	2
<i>Circular economy, pollution and waste</i>	3
<i>Climate alignment - decarbonising and minimising emissions</i>	38
<i>Climate risk and oversight</i>	17
<i>Communities</i>	2
<i>Corporate culture and oversight of human capital</i>	6
<i>Customers and consumers</i>	7
<i>Deforestation</i>	3
<i>Engagement and representation</i>	3
<i>Executive diversity and inclusion</i>	3
<i>Executive remuneration</i>	4
<i>Health, safety and wellbeing</i>	3
<i>Investment in the workforce</i>	3
<i>Nature-related risk and management</i>	9
<i>Overarching approach to human rights</i>	2
<i>Purpose, strategy and capital allocation</i>	6
<i>Sustainable food and water</i>	3
<i>Transparency, risk and reporting</i>	3
<i>Value chain diversity and inclusion</i>	3
<i>Workforce diversity and inclusion</i>	3
<i>Other</i>	3

*Please note, the categories listed in the table above have been provided by Schroders.

The section below provides an example of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	CVS Health
Topic of Engagement	Human Capital Management
Rationale for engagement	<p>Schroders have engaged with over 30 of their retail and service sector holdings in the US on their paid sick leave policies to understand how their policies had evolved after Covid-19 restrictions had ended and how they considered paid sick leave as part of a broader approach to investing in their workforce.</p> <p>Research finds that allowing workers to take time off while ill is associated with business benefits such as improved retention, reduced presenteeism, and reducing the spread of disease in the workplace. However, the US is one of only two OECD countries without a federally mandated paid sick leave policy, and it is estimated that over half of hourly workers at large service sector companies do not have access to this benefit.</p>
Engagement activity carried out	<p>Schroders asked CVS to adopt a paid sick leave policy for all employees, as the company's policy appeared to be limited to employees working over 30 hours and those subject to a local or state mandate. Given the potential benefits a paid sick leave policy can bring to the company, in particular to retaining employees and boosting productivity, Schroders believed asking the company to adopt this policy would benefit the company's long-term sustainability and investment returns.</p> <p>Schroders co-filed a shareholder resolution asking the company to adopt and disclose a paid sick leave policy for its full and part time employees.</p>
Outcomes and next steps	Schroders hope to see the company improve their paid sick leave policy and will monitoring future progress.

Signed: Kate Leigh

Trustees of the Churchill Group Retirement Benefits Scheme