CWG Limited Retirement Benefits Scheme Implementation Statement for the year ended 31 December 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the CWG Limited Retirement Benefits Scheme (“the Scheme”) have 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 31st December 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In 2020, the Trustees received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies.

The Scheme’s Statement of Investment Principles (“SIP”) was updated in December 2023 to reflect strategic decisions made by the Trustees in relation to the Scheme’s investment portfolio.

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.

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 accounting period, the Trustees decided to review the investment strategy of the Scheme. The Trustees agreed to introduce a liability driven investment (“LDI”) portfolio into the strategy to increase the hedging levels of the Scheme. One of the criteria considered in the selection of this manager was the level of ESG integration within the Funds.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the requirements of the Trustees as set out in this statement. Further, the Trustees has set XPS the objective of ensuring that any selected managers reflect the view of the Trustees on ESG (including climate change) and stewardship.

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 has 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 are satisfied that they followed their 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. The Scheme has specific allocations to private equities, and investments in public equities will also form part of the strategy for the diversified 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. Based on this summary, the Trustees conclude that the investment managers have exercised their delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees relevant policies in this regard.

***Disclaimer:*** *Neither XPS nor the Trustees have vetted these votes. These summaries have been provided by the investment manager(s) and any reference to “our”, “we” etc. is from the investment manager’s perspective.*

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| **Voting Information** | | | | | | | | |
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| **Schroders Diversified Growth Fund** | | | | | | | | |
| The manager voted on 93.84% of resolutions of which they were eligible out of 14,227 eligible votes. | | | | | | | | |
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| **Investment Manager Client Consultation Policy on Voting** | | | | | | | | |
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| 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. The manager reports transparently on their voting decisions with rationales on their website. | | | | | | | | |
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| **Investment Manager Process to determine how to Vote** | | | | | | | | |
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| As active owners, Schroders recognises 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).  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 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. Schroders’ Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in Schroders’ Environmental, Social and Governance Policy) to each agenda item. In applying the policy, they consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders specialists will draw on external research, such as the Investment Association’s Institutional Voting Information Services and ISS, 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.  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.  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.  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. | | | | | | | | |
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| **How does this manager determine what constitutes a ‘Significant’ Vote?** | | | | | | | | |
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| Schroders believe that all resolutions when they 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. | | | | | | | | |
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| **Does the manager utilise a Proxy Voting System? If so, please detail** | | | | | | | | |
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| Institutional Shareholder Services (ISS) act as Schroders’ 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 Schroders’ own bespoke guidelines, in addition, Schroders receive ISS’s Benchmark research. This is complemented with analysis by Schroders’ in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. | | | | | | | | |
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| **Top 5 Significant Votes during the Period** | | | | | | | | |
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| Company | Date of Vote | | Size of fund holdings | | Voting subject | | How did the Investment Manager Vote? | Outcome |
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| **Microsoft Corporation** | **07/12/2023** | | **0.8%** | | **Report on Risks of Operating in Countries with Significant Human Rights Concerns** | | **For** | **FAIL** |
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| **Why the vote was deemed significant:**  Social  **Where voted against the company, was this communicated:**  Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations. | | | | | | | | |
| **Alphabet Inc.** | **02/06/2023** | **0.7%** | | **Report on Framework to Assess Company Lobbying Alignment with Climate Goals** | | **For** | | **FAIL** |
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| **Why the vote was deemed significant:**  Environmental & Social  **Where voted against the company, was this communicated:**  Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if Schroders have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations. | | | | | | | | |
| **Apple Inc.** | **10/03/2023** | **0.5%** | | **Report on Median Gender/Racial Pay Gap** | | **For** | | **FAIL** |
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| **Why the vote was deemed significant:**  Social  **Where voted against the company, was this communicated:**  Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board’s recommendations. | | | | | | | | |
| **Amazon.com, Inc.** | **24/05/2023** | **0.4%** | | **Report on Efforts to Reduce Plastic Use** | | **For** | | **FAIL** |
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| **Why the vote was deemed significant:**  Environmental  **Where voted against the company, was this communicated:**  Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if we have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations. | | | | | | | | |
| **JPMorgan Chase & Co.** | **16/05/2023** | **0.16%** | | **Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets** | | **For** | | **FAIL** |
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| **Why the vote was deemed significant:**  Environmental  **Where voted against the company, was this communicated:**  Schroders may tell the company of our intention to vote against the recommendations of the board before voting, in particular if Schroders are large shareholders or if Schroders have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations. | | | | | | | | |

*\* Schroders did not provide rationale for votes or the implications of votes.*

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| **Voting Information** | | | |
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| **Partners Generations Fund** | | | |
| The manager voted on 100.0% of resolutions of which they were eligible out of 999 eligible votes. | | | |
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| **Investment Manager Client Consultation Policy on Voting** | | | |
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| Partners do not consult with clients before voting. Their voting is based on Partners’ internal Proxy Voting Directive. | | | |
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| **Investment Manager Process to determine how to Vote** | | | |
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| Partners Group’s voting process is outlined in the Proxy Voting Directive. | | | |
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| **How does this manager determine what constitutes a 'Significant' Vote?** | | | |
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| Size of the holding in the Fund. | | | |
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| **Does the manager utilise a Proxy Voting System? If so, please detail** | | | |
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| Partners Group hires the services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and it has been instructed to vote in-line with its Proxy Voting Directive. Wherever the recommendations for Glass Lewis, its proxy voting directive, and the company's management differ, Partners Group votes manually on those proposals. | | | |
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| **Top 5 Significant Engagements during the Period** | | | |
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| Company | Voting Subject | How did the Investment Manager Vote? | Result |
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| **Breitling** | **Partners Group control the Board, please see below the ESG efforts of the portfolio company.** | **Control of board** | **N/A\*** |
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| **Why the engagement was deemed significant:**  Size of holding  **Where voted against the company, was this communicated:**  N/A\*  **Rationale:**  Breitling is a direct private equity investment in our portfolio of companies, where we invest directly to obtain control and influence over their operations.  **Implication:**  Breitling aims to improve its product supply chain beyond carbon removal. The company launched the "Origins" product line and released the Super Chronomat Automatic 38 Origins, its first traceable watch.  This year, Breitling assessed equal pay for 1658 employees in 19 countries, considering location, roles & tenure. The company achieved <1% adjusted pay gap in favour of women and earned the "Universal Fair Pay Analyst" award from FPI Fair Pay Innovation Lab.  Breitling conducts a double materiality assessment every three years to consider how the company’s actions impact people and planet but also how its business is affected by sustainability issues. | | | |
| **Gren** | **Partners Group control the Board, please see below the ESG efforts of the portfolio company.** | **Control of board** | **N/A\*** |
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| **Why the vote was deemed significant:**  Size of holding  **Where voted against the company, was this communicated:**  N/A\*  **Rationale:**  Gren is a direct private infrastructure investment in our portfolio of companies, where we invest directly to obtain control and influence over their operations.  **Implication:**  Gren’s focus is on reducing their carbon footprint, with a plan to decarbonize operations by developing a GHG reduction strategy.  Health & Safety is a priority, and Gren strive to maintain safe working conditions with zero cases of work-related illnesses, accidents, or fatalities. They also seek to maintain high employee engagement by developing an engaging work experience and fostering a positive organizational culture. | | | |
| **Wedgewood Pharmacy** | **Partners Group control the Board, please see below the ESG efforts of the portfolio company.** | **Control of board** | **N/A\*** |
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| **Why the vote was deemed significant:**  Size of holding  **Where voted against the company, was this communicated:**  N/A\*  **Rationale:**  Wedgewood Pharmacy is a direct private equity investment in our portfolio of companies, where we invest directly to obtain control and influence over their operations.  **Implication:**  Wedgewood Pharmacy has completed its Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its Greenhouse Gas Reduction objectives. The company also identified sustainable materials and packaging alternatives, including foam pack inserts, ice bricks, coolers, vials, and autobags or plastic bags, demonstrating their commitment to eco-friendly practices.  Regarding Health & Safety, Wedgewood Pharmacy has met its goals for recordable incidents through July and completed over 95% of its Active Shooter training and EHS Leads have been identified at all Blue Rabbit Operations locations. Furthermore, they have participated in community initiatives California's 2nd Harvest food bank volunteering.  The company is currently developing its employee handbook to implement a more inclusive employment strategy. Consequentially, they are revising all job descriptions and partnering with VelocityEHS to review their process. | | | |
| **Emeria** | **Partners Group control the Board, please see below the ESG efforts of the portfolio company.** | **Control of board** | **N/A\*** |
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| **Why the vote was deemed significant:**  Size of holding  **Where voted against the company, was this communicated:**  N/A\*  **Rationale:**  Emeria is a direct private equity investment in our portfolio of companies, where we invest directly to obtain control and influence over their operations.  **Implication:**  Emeria's board and management have aligned with and committed to PG's Sustainability strategy, with the company launching the “Bien + durable (more sustainable housing)” plan, for which the implementation was kicked off in 2020. As a starting point, a materiality assessment was commissioned to identify and define the key challenges from a sustainability point of view, which then provided a roadmap for Emeria's ESG journey. | | | |
| **Techem Metering GmbH** | **Partners Group control the Board, please see below the ESG efforts of the portfolio company.** | **Control of board** | **N/A\*** |
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| **Why the vote was deemed significant:**  Size of holding  **Where voted against the company, was this communicated:**  N/A\*  **Rationale:**  Techem is a direct private equity investment in our portfolio of companies, where we invest directly to obtain control and influence over their operations.  **Implication:**  Beyond decarbonising its own business Techem is transforming into a firm focused on energy efficiency, offering measurement and emissions reducing solutions to its clients.  Techem has published its own “climate roadmap” and is actively tackling their GHG emissions. With their roadmap, they intend to reduce their total CO2 emissions by at least 42 percent by 2030 and achieve a long-term emissions reduction of at least 90 percent by 2045. | | | |

*\* Private markets investments are the largest exposure within the Fund and these are typically held directly, where Partners Group controls the board and therefore direction/strategy of the business. The Generation Fund's exposure in listed equity is usually <10%. As private companies, these initiatives are implemented by Partners Group rather than by a shareholder vote, as with listed equities. Partners have therefore provided significant voting information on the private market investments where Partners have control of the board. Voting data is based on engagement topics implemented, rather than votes on a specific date.*

**I confirm that this Implementation Statement is accurate and representative of the Trustees investment policies followed during the year.**

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

On behalf of the Trustees of the CWG Limited Retirement Benefits Scheme

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_