

# IMPLEMENTATION STATEMENT

## Heil-Europe Limited Retirement Benefits Scheme

The Trustee of the Heil-Europe Limited Retirement Benefits Scheme (the “Scheme”) has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme’s Statement of Investment Principles (SIP), dated June 2019 and Addendum dated September 2020. This statement covers the period 6 April 2020 to 5 April 2021.

### Voting and Engagement Policy

A summary of the Trustee’s policy as set out in the SIP in respect of voting, stewardship and engagement is:

- 1) The Trustee believes that financially material consideration, including ESG factors and the risks related to such factors, can contribute to the identification of both investment opportunities and financially material risks. Consequently, financially material considerations can have a material impact on investment risk and return outcomes.
- 2) The Scheme’s assets are held in pooled funds and therefore the Trustee has limited influence over the investment managers’ investment decisions. In practice, investment managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.
- 3) It is the Trustee’s responsibility to ensure that the approaches adopted by investment managers are consistent with the Trustee’s policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.
- 4) The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. The Trustee assesses this when selecting and monitoring managers.
- 5) When selecting investment managers, the Trustee may also take into account non-financially material consideration such as the investment manager’s administrative capabilities and the liquidity of investments.
- 6) When selecting pooled funds, the Trustee considers various factors, including; how financially material considerations (including ESG factors) over the appropriate time horizon are taken into account by the investment manager; the investment manager’s policy in relation to exercising of the rights (including voting rights) attaching to the investments held within the pooled fund; and the investment manager’s policy in relation to undertaking engagement activities in respect of the investments held within the pooled fund.
- 7) The Trustee regularly assesses the performance of each fund held and this monitoring includes an assessment of whether the investment manager continues to operate the fund in a manner that is consistent with the factors used by the Trustee to select the fund (as listed above).

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has obtained and reviewed BlackRock and RLAM stewardship reports for the reporting period

- The Trustee has considered Royal London's voting practices and stewardship policies noting that they have a specific Responsible Investment team who have responsibility of executing equity proxy votes on behalf of RLAM according to RLAM Standard Operating Procedures. RLAM use Glass Lewis' Viewpoint as their voting platform and all ballots are sent to Viewpoint. Glass Lewis apply RLAM's custom voting template to each agenda item and suggest a voting recommendation that the Responsible Investment team sign off after conducting their own review of every vote, including any unique circumstances facing the Company and any engagement RLAM have undertaken with the board. The Trustee has considered RLAM's annual stewardship report.
- The Trustee has considered BlackRock's approach relating to the RLP/BlackRock Emerging Markets Tracker fund. BlackRock believe there is significant value in using third party voting services. Across most markets they receive input from at least two research providers however they do not follow a single proxy firms voting recommendations. The Trustee has considered BlackRock's annual stewardship report.

The Trustee has considered its policy in regard to voting and stewardship and concluded that:

- RLAM's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters.
- BlackRock stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters.
- The Trustee has discussed investment strategy with the sponsoring employer and agreed that the current fund range available through RLAM's platform does not provide sufficient flexibility and investment options to manage the scheme's funding risks. As a result the Trustee is in the process of moving to a new investment strategy post year end and has appointed a Fiduciary Manager to manage the assets on behalf of the Trustee. As part of this process, the Trustee considered the policies of the Fiduciary Managers that were put forward for the position and considered their approach to ESG and Stewardship in depth.

## Voting Record

All underlying securities in the RLAM Global Equity Fund and RLAM Managed Fund that have voting rights are managed by RLAM with RLAM having the legal right to the underlying votes. Some high level statistics relating to RLAM's voting record and commitment to responsible investment are set out below:

Figure 2: Our UN PRI scores

PRI Module	RLAM 2019	RLAM 2020	PRI Median 2020
Strategy & governance	A	A+	A
Listed equity – incorporation	A	A+	A
Listed equity – active ownership	A	A	B
Fixed income – SSA	A	A	B
Fixed income – corporate financial	A	A	B
Fixed income – corporate non-financial	A	A+	B
Fixed income – securitised	A	A	B
Property	A	A	B

## 2020 voting activity

### Summary\*

Proportion of voting outcomes for all resolutions in 2020



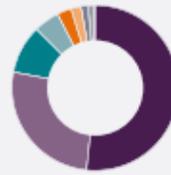
■ For **86.1%**  
■ Against **12.3%**  
■ Abstain **1.2%**  
■ Take no action **0.4%**

### Votes by category\*



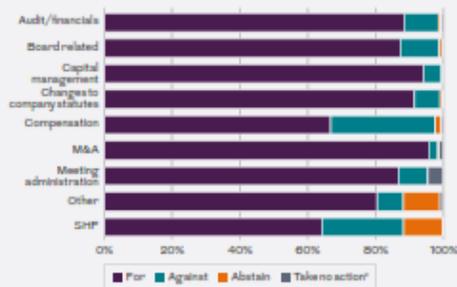
■ Board-related **50.0%**  
■ Audit/financials **15.0%**  
■ Compensation **12.0%**  
■ Capital management **12.0%**  
■ Changes to company statutes **4.0%**  
■ SHP† **2.0%**  
■ Meeting administration **2.0%**  
■ Other **2.0%**  
■ M&A **1.0%**

### Votes by geographical region\*



■ Europe **51.6%**  
■ Canada & US **26.4%**  
■ Asia ex-Japan **9.5%**  
■ Latin America and Caribbean **5.1%**  
■ Africa **2.8%**  
■ Oceania **1.9%**  
■ Japan **1.3%**  
■ MENA **1.1%**  
■ Unknown region **0.1%**

### Total voting record



	For	Against	Abstain	Take no action†
Audit/financials	3983	453	37	24
Board-related	12628	1665	122	40
Capital management	3230	181	2	10
Changes to company statutes	1206	99	9	2
Compensation	2377	1099	56	24
M&A	257	7	1	3
Meeting administration	434	44	0	22
Other	372	36	50	4
SHP	331	124	60	0

### Shareholder proposal votes



	For	Against	Abstain	Take no action†
SHP: compensation	37	10	4	0
SHP: environment	19	4	14	0
SHP: governance	180	97	20	0
SHP: misc	0	2	0	0
SHP: social	95	11	22	0

\* Figures are subject to rounding and therefore totals may not always equal 100%.

† Take no action – we endeavour to vote at all meetings other than in markets where voting would result in shareblocking

## 2020 voting activity

### Votes with or against company management



■ With management **84.6%**  
■ Against management **13.9%**  
■ Take no action **0.4%**  
■ N/A **1.0%**

### Votes with or against Glass Lewis recommendation



■ With Glass Lewis **89.9%**  
■ Against Glass Lewis **9.7%**  
■ Take no action **0.4%**  
■ N/A **0.0%**

### Votes with or against RLAM policy



■ With policy **93.6%**  
■ Against policy **4.1%**  
■ Manual **1.9%**  
■ Take no action **0.4%**

### Executive remuneration votes



■ For **66.9%**  
■ Against **30.7%**  
■ Abstain **1.7%**  
■ Take no action **0.7%**

### Diversity votes



■ For **43.0%**  
■ Against **50.0%**  
■ Abstain **7.0%**

Figures are subject to rounding and therefore totals may not always equal 100%.

BlackRock voting activity highlights below:

**We voted against or withheld votes from more directors this year than ever before**

**16,200**

total meetings voted

**153,000**

total proposals voted

**5,100+**

votes against directors or withheld votes (includes abstentions)

**2,800**

unique companies with one or more votes against directors (includes abstentions)

Numbers have been rounded to the nearest hundred.

### Management proposal votes

	Election of directors and related proposals	Capitalization	Compensation	Mergers, acquisitions and reorganizations
Total number of proposals voted	<b>77,663</b>	<b>14,433</b>	<b>13,414</b>	<b>7,582</b>
Voted against management	<b>8.3%</b>	<b>12.8%</b>	<b>16.1%</b>	<b>13.7%</b>

### Shareholder proposal votes

	Environmental	Social	Governance
Total number of proposals voted	<b>111</b>	<b>118</b>	<b>858</b>
Percent supported (or abstained)	<b>6.3%</b>	<b>6.8%</b>	<b>17.1%</b>

### Annual voting statistics

Voting for current year: July 1, 2019-June 30, 2020

Region	Total number of meetings voted	Total number of proposals voted	% of proposals voted against management recommendation	% of meetings voted against one or more management recommendations
United States	3,781	30,492	7%	30%
Americas (ex-U.S.)	916	8,500	10%	48%
United Kingdom	775	10,951	5%	31%
EMEA (ex-UK)	2,434	32,314	13%	58%
Japan	2,350	23,562	6%	36%
Asia-Pacific (ex-Japan)	5,945	47,182	9%	34%
<b>Total</b>	<b>16,201</b>	<b>153,001</b>	<b>9%</b>	<b>37%</b>

### Significant Votes

Neither RLAM nor BlackRock publish their most “significant” votes specifically. BlackRock consider that various clients will have different voting priorities. RLAM regard every vote as being significant.

BlackRock “key” votes can be found at the following link:

<https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins>

Details of RLAM votes can be found at the following link:

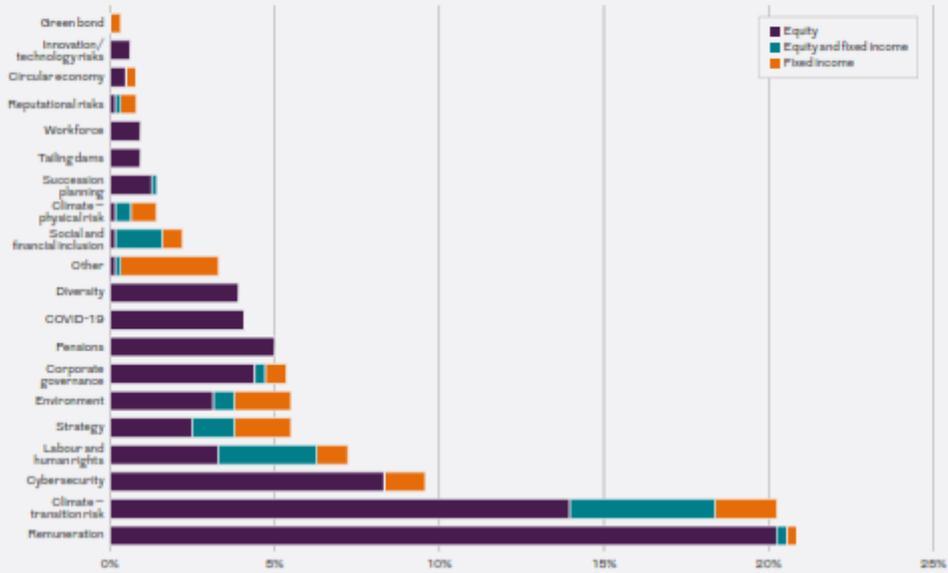
[RLAM - Responsible Investments - Voting Records \(rlam-voting.co.uk\)](https://www.rlam-voting.co.uk)

### Engagement statistics

A high level overview of some of the RLAM engagement statistics during the period are:

## 2020 engagement activity

### Engagement by asset class



### Asset split\*



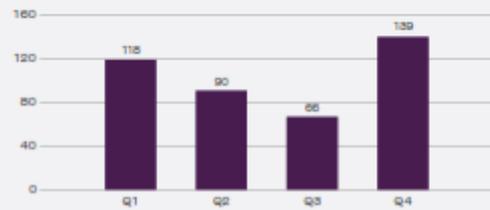
Equity **78.0%**  
Fixed income **13.0%**  
Equity and fixed income **9.0%**

### ESG split\*



Environment **29.0%**  
Social **19.0%**  
Governance **49.0%**  
Other **3.0%**

### Engagements per quarter



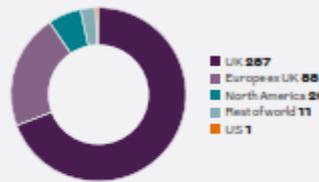
\* Figures are subject to rounding and therefore totals may not always equal 100%.

## 2020 engagement activity

### Engagement by type



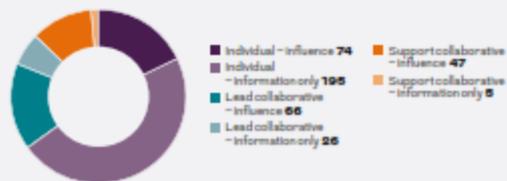
### Engagement by geographical region



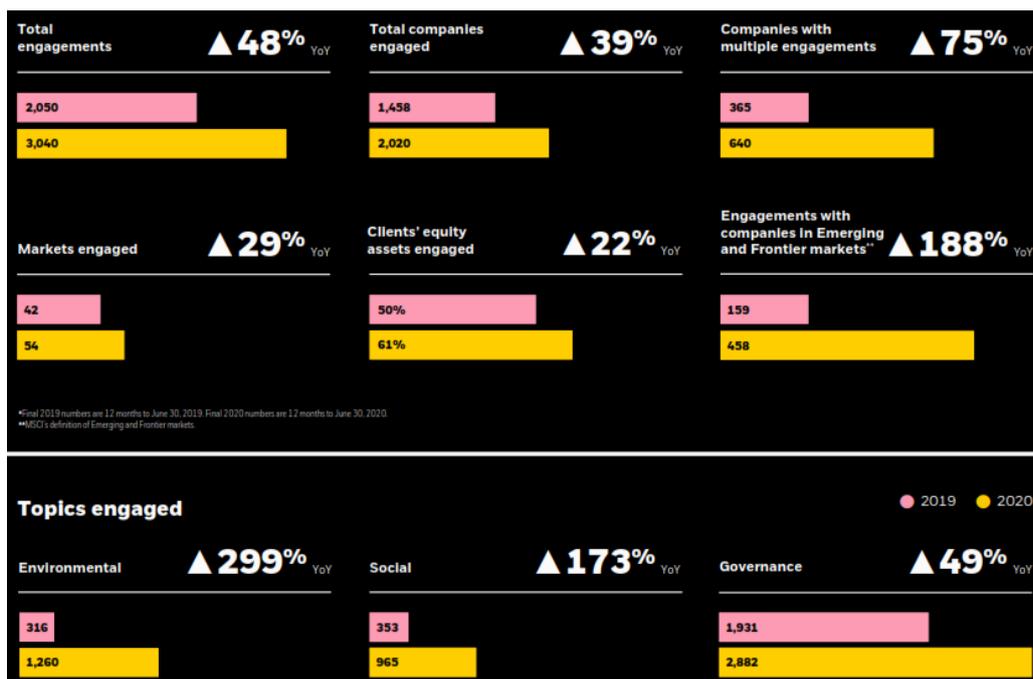
### Engagement by sector



### Collaborative engagement



A high level overview of some of the BlackRock engagement statistics during the period are:



## Annual engagement statistics

Engagement for current year: July 1, 2019-June 30, 2020\*

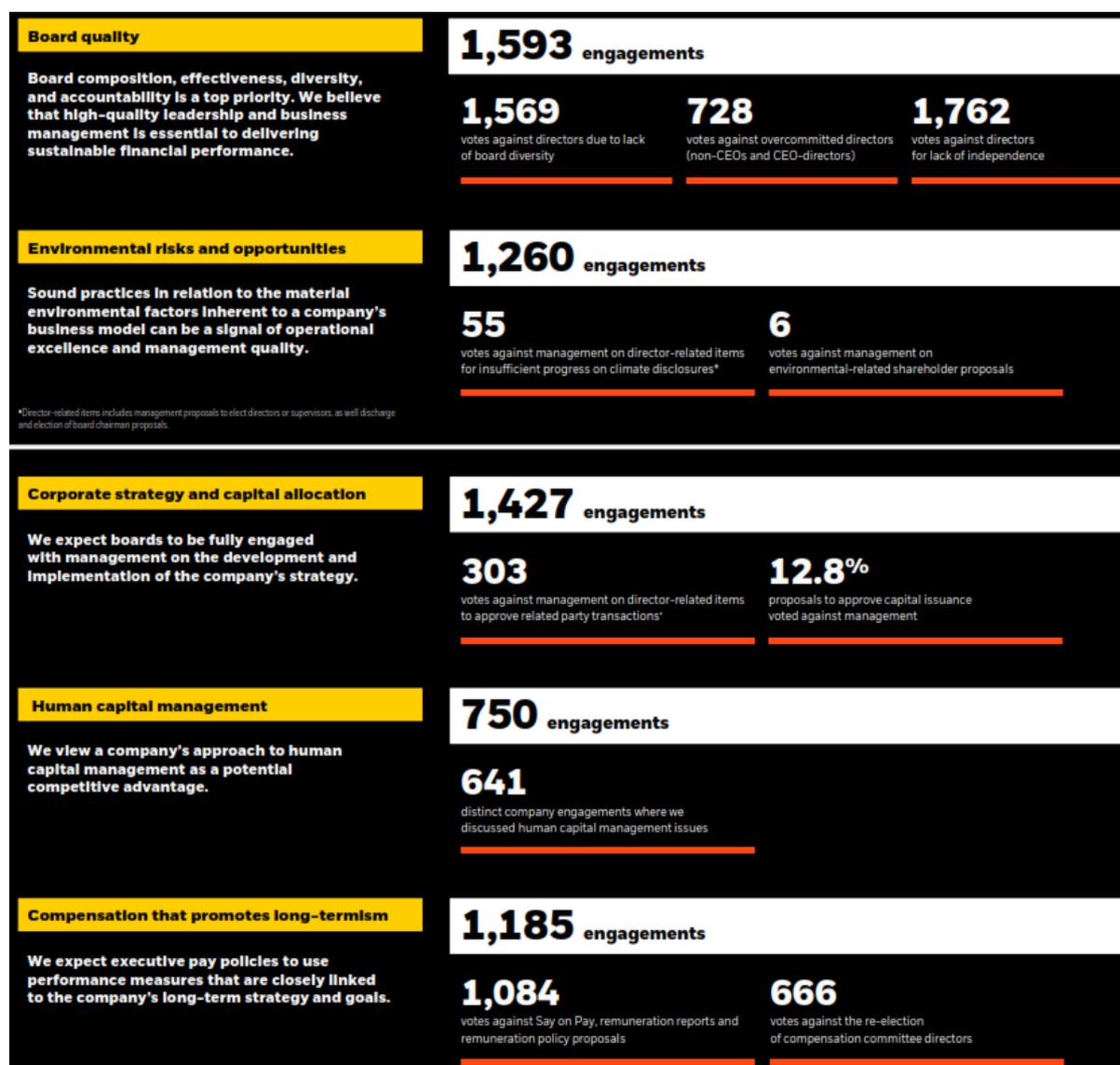
Region	Total	Focus of engagement**		
		Environmental	Social	Governance
Americas	1,484	729	571	1,410
United Kingdom	277	63	51	265
EMEA (ex-UK)	378	130	82	354
Japan	446	109	97	436
Asia-Pacific (ex-Japan)	458	229	164	417
<b>Total</b>	<b>3,043</b>	<b>1,260</b>	<b>965</b>	<b>2,882</b>

Engagement for past year: July 1, 2018-June 30, 2019\*

Region	Total	Focus of engagement**		
		Environmental	Social	Governance
Americas	855	146	117	775
United Kingdom	260	16	36	251
EMEA (ex-UK)	300	47	56	284
Japan	397	55	75	394
Asia-Pacific (ex-Japan)	238	52	69	227
<b>Total</b>	<b>2,050</b>	<b>316</b>	<b>353</b>	<b>1,931</b>

## BlackRock Stewardship highlights

Some of the stewardship highlights for 2020 include:



## Significant Votes – Appendix A

In relation to the RLAM the following are considered by RLAM as significant votes in the year

### CASE STUDY

---

#### Alphabet Inc.

Alphabet, similar to other large US companies, has proven difficult to engage with, as a smaller European investor. Due to its size and sector there are a number of inherent risks associated with the company. As is often the case with high-profile US companies, there were several shareholder proposals on the agenda at Alphabet's AGM this year. Through our voting our objective was to support calls for the company to provide their shareholders and the public with better disclosure over topical issues at the company, which led to us supporting eight out of ten proposals.

These proposals touched on many human rights related issues, such as improving company disclosure over its whistleblowing policies, developing a human rights oversight committee and better transparency over information

takedown requests on Alphabet's software platforms. However, we abstained on a shareholder proposal requesting the appointment of an independent director with human rights expertise to the board; choosing instead to support a proposal calling for a board level human rights committee. We took part in investor calls with the proponent of this proposal before the meeting where we were convinced by the argument for a committee to serve this function, rather than an individual. We also voted against another proponent's request for future shareholder approval on all company by-law amendments. In these cases, there were significant difficulties for the company to implement these changes and we did not consider that there would be a material benefit either for the company or shareholders. Moreover, we found the proponent did not provide sufficient

evidence to showcase any failure on the company's part in this regard.

We also voted against the triennial advisory vote on the company's remuneration report. We continue to have concerns with the structure of Alphabet's executive compensation plans which lack sufficient performance conditions and frequently use special one-off awards for directors. We believe the use of one-off awards, whether for retention, promotion or other purposes are inappropriate and a signal that there are fundamental problems with the principal remuneration structure.

We maintain our position with regards to the company, and will very likely continue to support shareholder proposals of this nature until the company becomes more receptive to shareholder engagement, but acknowledge there have been some small improvements in certain areas.

### CASE STUDY

---

#### Barclays

At the beginning of 2020, ShareAction (a charity focusing on promoting better outcomes in responsible investing) filed a shareholder proposal at Barclays' forthcoming AGM. Their aim was to encourage the business to move away from its carbon intensive lending, particularly in the carbon heavy energy sector. Barclays, in response, told us of their intention to file a counter proposal committing to being a net zero bank by 2050. We held discussions with both ShareAction and senior figures at Barclays to better understand the two perspectives. Our discussions focused on how compatible the resolutions might be from a governance perspective, and on the detail of Barclays' environmental

lending policies with a view to ensuring we could support the best outcome for all stakeholders.

On the whole, the outcome of the two engagements was positive. ShareAction were open with us about their concerns and engagement with Barclays prior to filing the proposal. We were also impressed by the scale of the bank's potential response, despite their historically weaker lending policies compared to their European peers. We therefore made the decision to support the Barclays' proposal, welcoming their ambition to become a net zero bank by 2050 across its Scope 1, 2 and 3 emissions; along with commitments to helping the transition of energy and power clients, and to report annually from 2021.

For the ShareAction proposal, we decided to abstain on this resolution, as we believed that the broad ambitions within the proposal were captured by Barclays' own climate strategy resolution. While we understood their arguments and agreed with the bulk of the wording in the proposal, we questioned the very specific focus on a small number of sectors and believed a larger and more strategic focus across all lending would be most beneficial and effective for the bank.

The Barclays' resolution received very nearly 100% support, with the ShareAction resolution receiving 24%. Following this successful outcome we will be monitoring the bank on the implementation of this plan.