Implementation Statement, covering the Scheme Year from 1 April 2022 to 31 March 2023

The Trustees of the JO Plowright & Co (Holdings) Limited Pension & Assurance Scheme (the "Scheme") have chosen to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme year.

The Statement also includes a description of the voting behaviour during the Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Scheme's new and existing managers and funds over the period, as described in Section 2 below.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustees take ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement and financially material considerations (including climate change and other ESG considerations).

In April 2022, the Trustees reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores were based on an assessment of the managers over the Scheme year. The manager scores cover the manager's general approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022.

The Trustees were satisfied with the results of the review, with the Scheme's investment managers scoring very strongly overall and amongst the top ranked managers LCP surveyed. However, the Trustees noted that BlackRock's short-dated credit fund scored below average, so the Trustees invited BlackRock to present to them, to further understand the level of ESG integration within BlackRock's investment process. After this, the Trustees were satisfied with BlackRock's justification and answers to their questions.

Following the introduction of DWP's guidance, the Trustees agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. Post Scheme Year end, the Trustees discussed and agreed stewardship priorities for the Scheme which were: Climate Change, Human Rights and Business Ethics.

The Trustees communicated these priorities to its managers in May 2023 and the Trustees have retrospectively created a shortlist of the most significant votes during the Scheme year. This list was created by requesting each manager to provide a shortlist of votes, and suggested the managers use the PLSA's criteria for creating the shortlist.

When the investment managers present at Trustee meetings, the Trustees ask questions about the managers' voting and engagement practices. Where available, the Trustees also review reports from their managers on voting and engagement activities undertaken on their behalf.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expect most managers will have areas where they could improve. The Trustees aim to have an ongoing dialogue with managers to clarify their expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are held within BNY Mellon's pooled diversified growth fund (the BNY Mellon Real Return Fund), and the Trustees have delegated to BNY Mellon the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour on a regular basis and challenges managers where their activity has not been in line with the Trustees' expectations.

3.1 Description of BNY Mellon's voting processes

Overall, BNY Mellon prefers to retain discretion in relation to exercising its clients' voting rights and have established policies and procedures to ensure the exercise of global voting rights. BNY Mellon believes the value of its clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. BNY Mellon's understanding of clients' stewardship expectations allows it to articulate clearly and explicitly in engagement meetings with companies the importance that the ultimate beneficiaries place on particular issues.

BNY Mellon has established overarching stewardship principles which guide its ultimate voting decision, based on guidance established by internationally recognized governance principles including the OECD Corporate Governance Principles, the ICGN Global Governance Principles, the UK Investment Association's Principles of Remuneration and the UK Corporate Governance Code, in addition to other local governance codes. All voting decisions are taken on a case-by-case basis, reflecting BNY Mellon's investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also taking into account any explanations offered for why the company has adopted a certain position or policy. It is only in the event that BNY Mellon recognise a material conflict of interest that they apply the vote recommendations of its third-party voting administrator.

In general, voting decisions are taken consistently across all BNY Mellon's clients that are invested in the same underlying company. This is in line with BNY Mellon's investment process that focuses on the long-term success of the investee company. Further, it is BNY Mellon's intention to exercise voting rights in all circumstances where it retains voting authority. All voting opportunities are communicated to BNY Mellon by way of an electronic voting platform.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues identified may be referred to the appropriate global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, BNY Mellon may also decide to confer or engage with the company or other relevant stakeholders.

An electronic voting service is employed to submit voting decisions. Each voting decision is submitted via the electronic voting service by a member of the Responsible Investment team but can only be executed by way of an alternate member of the team approving the vote within the same system.

BNY Mellon utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that it recognises a potential material conflict of interest (as described below) that the recommendation of the external voting service provider will be applied.

BNY Mellon's external voting provider is subject to the requirements set by BNY Mellon's Vendor Management Oversight Group. As such, regular due diligence meetings are held and minutes maintained with this provider, which includes reviewing its operational performance, service quality, robustness of research and its internal controls, including management of its potential material conflicts of interest. In addition, and along with its other clients, BNY Mellon participates in consultations that seek specific feedback on proxy voting matters. This helps ensure alignment of interest between BNY Mellon's expectations and the voting recommendations provided by the external provider.

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the period is provided in the table below.

	BNY Mellon Real Return Fund
Total size of fund at end of reporting period	£3,746m
Value of Scheme assets at end of reporting period	£8.1m
Number of holdings at end of reporting period	69
Number of meetings eligible to vote	78
Number of resolutions eligible to vote	1,287
% of resolutions voted	100.0%
Of the resolutions on which voted, % voted with management	89.2%
Of the resolutions on which voted, % voted against management	10.8%
Of the resolutions on which voted, % abstained from voting	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	45.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	7.0%

3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

The Trustees will consider the practicalities of informing the managers of the Trustees' views on the most significant votes. We will report on this in next year's Implementation Statement.

The Trustees have reported on two of these significant votes only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

The Trustees have interpreted "significant votes" to mean those that either:

- align with the Trustees' stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- the subject of the resolution aligns with the investment manager's engagement priorities or key themes; or
- the Scheme or the sponsoring company may have a particular interest in.

BNY Mellon Real Return Fund

We have been provided with commentary on a number of the most significant votes undertaken by BNY Mellon within the funds listed above over this period.

BNY Mellon's significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

ConocoPhillips, May 2022

- **Summary of resolution:** Shareholder proposal to report on Green House Gas Emissions
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding at the date of the vote**: 1.2%
- **Why this vote is considered to be most significant:** Relates to Stewardship Priority of Climate Change, and it is a shareholder proposal which received high levels of support.
- **Vote cast:** For (against management)
- **Rationale:** BNY Mellon supported the shareholder proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain.
- **Outcome of the vote and next steps**: Failed, however it received 39.4% votes in favour, which is significant for a shareholder proposal. BNY Mellon noted that the high level of support for this shareholder proposal highlights the growing areas of concern in the US market.

Informa Plc, June 2022

- **Summary of resolution:** Approve remuneration report
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote**: 0.6%
- **Why this vote is considered to be most significant:** Relates to Stewardship Priority of Business Ethics
- **Vote cast:** Against (against management)
- **Rationale:** BNY Mellon voted against the remuneration report, as the CEO pay increased amidst poor company performance and pay-outs do not reflect shareholder experience. A significant portion of the short-term incentive plan ("STIP") is driven by qualitative measures and the final pay-out would therefore be at committee's discretion. This coupled with an increase in the STIP bonus opportunity from 175% to 200% just exacerbates BNY Mellon's concerns. In addition, the long-term incentive plan ("LTIP") bonus opportunity is very high, and the company does not disclose its set of peers for shareholders to determine whether these are in fact comparable or outsized. The company has a history of making in-flight adjustments and in doing so, the new metrics ensured a full pay-out which otherwise would not have been possible. BNY Mellon expected the company to apply negative discretion to reflect performance.
- **Outcome of the vote and next steps**: Failed with 71.3% against the proposal. The vote outcome is a clear indication of persistent shareholder dissatisfaction with pay practices at the company. The dissent recorded is one of the largest and the company will need to address shareholders' concerns. BNY Mellon expect to engage with the company and continue exercising future votes in support of its views surrounding the alignment of pay and performance.