

PICK EVERARD

THE PICK EVERARD PENSION SCHEME

IMPLEMENTATION STATEMENT AS AT 31ST DECEMBER 2021

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The Trustees of the Pick Everard Pension Scheme ("the Scheme") have 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 ("SoIP"), dated September 2020. This statement covers the period 1st January 2020 to 31st December 2020.

A. Voting and Engagement Policy

No changes were made to the voting and engagement policies in the SoIP during the year. The last time these policies were formally reviewed was September 2019.

The policy as set out in the SoIP in respect of voting, stewardship and engagement is in summary as follows:

- i) Voting decisions on stocks are delegated to the Prudential Assurance Company Limited ("the investment manager") which manages the pooled With Profits fund held by the Scheme.
- ii) The investment manager has full discretion for undertaking engagement activities in respect of the investments.
- iii) The investment manager will report on voting and engagement activity to the Trustees on a periodic basis together with their adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary.
- iv) The Trustees consider the long-term financial interests of the Scheme to be paramount and, where appropriate and practical, expect the investment manager to consider financially material Environmental, Social and Governance ("ESG") issues in investment decision making and to practice good stewardship.

The investment manager is expected to undertake good stewardship and positive engagement in relation to the Scheme's investments. The Trustees consider that the long-term financial risks to the Scheme and ESG factors, including climate risk, are potentially material.

The Trustees have implemented this policy as described and in particular:

- Have received reports from the investment manager regarding voting and engagement.
- In light of such reports and otherwise, considered their policy in regard to voting and stewardship and concluded that the current policy is appropriate.

B. Voting Record

As the Scheme invests through a pooled fund, the Trustees do not have the option of applying their own voting policy. The underlying securities in the With Profits fund which have voting rights are managed by the investment manager with the investment manager having the legal right to the underlying votes.

The investment manager's response to the Trustees' enquiries about its voting policies during the year ended 31st December 2020 was:

Voting policies	Response
What is your policy on consulting with clients before voting?	Voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst we do not solicit clients' views we would take them into account should they be known to us.
Please provide an overview of your process for deciding how to vote.	An active and informed voting policy is an integral part of our investment philosophy. In our view, voting should never be divorced from the underlying investment management activity. By exercising our votes, we seek both to add value to our clients and to protect our interests as shareholders. We consider the issues, meet the management if necessary, and vote accordingly.
How, if at all, have you made use of proxy voting services?	We use research provided by ISS and the Investment Association; and we use the ProxyEdge platform from ISS voting platform for managing our proxy activity.
What process did you follow for determining the "most significant" votes?	Under the Shareholder Rights Directive II, M&G is required to report on its stewardship activities, including proxy voting and the identification of significant votes. We have therefore determined our own definition of significant votes following internal discussion and consideration of external guidance. For the purposes of reporting to clients under the requirements of pensions regulations we have typically disregarded our 3% shareholding criterion.
Did any of your "most significant" votes breach the client's voting policy (where relevant)?	Not applicable.
If 'Y' to the above. Please explain where this happened and the rationale for the action taken.	Not Applicable
<p>Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?</p> <p>1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;</p> <p>2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;</p> <p>3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;</p> <p>4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer;</p>	No response received to this question.

5) There are differences between the stewardship policies of managers and their clients.	
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VOTING STATISTICS (APPLICABLE TO THE SCHEME'S REPORTING PERIOD)	RESPONSE	ADDITIONAL COMMENTS
How many meetings were you eligible to vote at?	2,181	
How many resolutions were you eligible to vote on?	28,798	
What % of resolutions did you vote on for which you were eligible?	82%	
Of the resolutions on which you voted, what % did you vote with management?	93%	
Of the resolutions on which you voted, what % did you vote against management?	7%	
Of the resolutions on which you voted, what % did you abstain from voting?	1%	
In what % of meetings, for which you did vote, did you vote at least once against management?	37%	
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	No response received	
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	3%	

C. Most Significant Votes

Highlights of some of the significant votes during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, the ones below have been drawn out as they are part of wider engagement that the investment manager has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

IN RELATION TO THE FUND NAMED ABOVE, WHICH 10 VOTES (AT A MINIMUM) DURING THE REPORTING PERIOD DO YOU CONSIDER TO BE MOST SIGNIFICANT FOR THE SCHEME?	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6	VOTE 7	VOTE 8	VOTE 9	VOTE 10
Company name	BHP Ltd	Royal Dutch Shell Plc	HSBC	Apple inc	Total SA	St. James's Place Plc	Barclays Plc	Facebook, Inc. Class A	JPMorgan Chase & Co.	The Home Depot, Inc.
Date of vote	15/10/2020	19/05/2020	4/24/2020	26/02/2020	29/05/2020	07/05/2020	07/05/2020	07/05/2020	19/05/2020	24/04/2020
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%	0.4%	0.4%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Summary of the resolution	Adopt Interim Cultural Heritage Protection Measures	Shareholder resolution requesting Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	Approve Remuneration Report	Freedom of expression and access to information	Instruct Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Aligned with the Goal of the Paris Climate Agreement and Amend Article 19 of Bylaws Accordingly	Re-elect Iain Cornish as Director	Approve ShareAction Requisitioned Resolution	Shareholder Proposal to Report on Political Advertising	Shareholder resolution requesting that the Board issue a report "describing how JPMorgan Chase plans to respond to rising reputational risks for the Company and questions about its role in society related to involvement in Canadian oil sands production, oil sands pipeline companies, and Arctic oil and gas exploration and production."	Adopt Share Retention Policy for Senior Executives
How you voted	Oppose	For	Oppose	For	Abstain	Abstain	For	Against management	For	Against management
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not recorded	Yes	Yes	No	Yes	Yes	Yes	No.	No	No.

Rationale for the voting decision	Concern over impact on operations	In our view, the company should provide comprehensive disclosure to shareholders on its environmental impacts and risks.	Opposition due to concern that remuneration is excessive given the dividend cut and current market conditions	Shareholder resolution requesting the Board of Directors to report annually to shareholders on the companies freedom of expression and access to information policies and recent related actions is in shareholders' interests.	Concern that resolution is able to be implemented in a way that is not detrimental to shareholders' interests	Concerns over remuneration and the dividend	Supportive as the resolution is in shareholders' interests	Voted AGAINST management recommendation to vote down a shareholder proposal for Facebook to report on political advertising on Facebook's social media platforms and assess impact on democratic processes. We voted against management as shareholders would benefit from increased disclosures to better understand specific risks that Facebook may face as well as broader societal impact in terms of public discourse and democratic processes.	Supportive, as in our view it is in shareholders' interests	A vote AGAINST this proposal was warranted as we believe it is important to demonstrate a strong link between the interests of top executives and long-term shareholder value. This proposal asks that senior executives be required to retain a certain "significant" percentage of shares acquired through equity compensation programs for a significant period of time, particularly following the termination of employment. Such a policy would focus the attention of HD executives on long-term success at all times, and better align interests with those of all shareholders.
Outcome of the vote								Not available.		Not available.
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?							While Facebook's view that a private company should not decide what political speech is one point of view, a more in-depth reporting of the broader societal and	The Home Depot board stands by its long and current history		

								regulatory risks that a company's primary business may entail, will help shareholders better assess the business and management actions.		of significant stock ownership within its executive ranks but believes this requirement could be onerous in terms of recruiting top executive talent, as few other companies have such a requirement. We agree that current executives show impressive ownership levels of company stock but note that ownership guidelines are not robust. More rigorous guidelines may better serve to cement the strong link between the interests of executives and all shareholders.
On which criteria have you assessed this vote to be "most significant"?	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	For this purpose, we define significant votes as votes we believe may have a material impact on the financial	Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G	For this purpose, we define significant votes as votes we believe may have a material impact on the financial

								performance of the investment.		performance of the investment.
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D. Conclusion

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the year by continuing to delegate to the investment manager the exercise of rights and engagement activities in relation to the Scheme's investments.