

Implementation Statement

Home-Grown Cereals Authority Pension Plan

Scheme year ended 31 March 2021

This statement sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year to 31 March 2021; and
- The voting behaviour of the Trustee's, or that undertaken on their behalf, over the year to 31 March 2021.

How voting and engagement policies have been followed

The Home-Grown Cereals Authority Pension Plan ("the Plan") invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.

The Trustee's policies on the exercise of voting rights and engagement activities is outlined in the Plan's Statement of Investment Principles. This was last reviewed in September 2020.

The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at their June 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time. The investment managers are invited to Trustee meetings to provide updates on the funds invested in by the Plan at least annually, and this includes bringing the Trustees up-to-date on their voting and engagement activities.

Annually the Trustee receives and review voting information and engagement data gathered from the asset managers by the Plan's investment advisors, Barnett Waddingham. This is as part of the Plan's Environmental, Social, and Corporate Governance monitoring to ensure alignment with Plan's own policies. The next update is due in July 2021.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Plan's stewardship policies.

Voting Data

Voting only applies to equities held in the portfolio. The Plan's equity investments are held through pooled funds managed by Columbia Threadneedle. The investment manager votes on behalf of the Trustee.

The table below provides a summary of the voting activity undertaken by Columbia Threadneedle during the year.

| Manager | Columbia Threadneedle |
|---|--|
| Fund name | Dynamic Real Return Fund |
| Structure | Pooled |
| Ability to influence voting behaviour of manager | The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour. |
| Number of company meetings the manager was eligible to vote at over the year | 358 |
| Number of resolutions the manager was eligible to vote on over the year | 4,659 |
| Percentage of resolutions the manager voted on | 98.8% |
| Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on | 91.3% |
| Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on | 6.3% |
| Percentage of resolutions the manager abstained from | 2.4% |
| Percentage of resolutions voted <i>contrary to the recommendation of the proxy advisor</i> | n/a |

Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define what a “significant vote” is. A summary of the data they have provided is set out below.

Columbia Threadneedle, Dynamic Real Return Fund

| | Vote 1 | Vote 2 | Vote 3 |
|---|---|--|---|
| Company name | Facebook, Inc. | Comcast Corporation | Tesco Plc |
| Date of vote | 27 May 2020 | 3 June 2020 | 26 June 2020 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 0.83% | 0.62% | 0.09% |
| Summary of the resolution | Report on Median Gender and Racial Pay Gap | Report on Risks Posed by Failing to Prevent Sexual Harassment | Approve Remuneration Report |
| How the manager voted | For | For | Against |
| If the vote was against management, did the manager communicate their intent to the company ahead of the vote? | No | No | No |
| Rationale for the voting decision | Material social risk for business; in shareholders' interests. | Material social risk for business; in shareholders' interests. | Ex-post adjustment to long-term performance metrics |
| Outcome of the vote | Fail | Fail | Pass |
| Implications of the outcome | Active stewardship (engagement and voting) continues to form an integral part of the manager's research and investment process. | | |
| Criteria on which the vote is considered "significant" | Vote against management | | |

Fund level engagement

| Manager | Columbia Threadneedle | CQS |
|---|---|--|
| Fund name | Dynamic Real Return Fund | Credit Multi Asset Fund |
| Does the manager perform engagement on behalf of the holdings of the fund | Yes | Yes |
| Has the manager engaged with companies to influence them in relation to ESG factors in the year? | Yes | Yes |
| Number of engagements undertaken on behalf of the holdings in this fund in the year | Not provided | 179 |
| Number of engagements undertaken at a firm level in the year | 1,134 | 231 |
| Examples of engagements undertaken with holdings in the fund | <p>Rio Tinto – the manager engaged with the company on their destruction of Juukan Gorge in Australia and concerns around governance and relationship management with local communities.</p> <p>Uber – the manager’s assessment considered the company to have significant ESG risks and business model concerns over the classification of employees in California..</p> | <p>Logoplaste - Regarding a sustainability-driven margin ratchet</p> <p>EG Group - Regarding appointing independent board directors</p> <p>First Quantum - Regarding a range of ESG issues.</p> |

How the SIP has been followed over the year

In the Trustee’s opinion, the Statement of Investment Principles has been followed over the year in the following ways:

- The Trustee monitors the performance of the manager funds quarterly to ensure that the funds are meeting their stated objectives. Our Investment Consultants provide quarterly reports for review.
- The Trustee initially considered the ESG capabilities of each of the Plan’s managers at the meeting in June 2019 and agreed that the managers’ policies are reasonable. No action was taken as a result of this exercise.
- The Trustee regularly reviews the ESG capabilities of the managers as part of the monitoring process and meeting the managers.
- The Trustee has made no new manager appointments over the year and therefore ESG has not formed part of any new selection process.