

Implementation Statement for the Freshwater Group Staff Retirement Benefits Plan

Covering 1 August 2023 to 31 July 2024

1. Background

The Trustee of the Freshwater Group Staff Retirement Benefits Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the Plan’s Statement of Investment Principles (“SIP”) during the previous Plan year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found below:

https://highdorn.co.uk/pension_information/SIP%20March%2024.pdf

2. Investment Objectives and activity

The Trustee is required to invest the Plan’s assets in the best interest of members, and its main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan’s assets which is sufficient (in conjunction with the Plan’s existing assets, and contributions) to pay all members’ benefits in full;
- To maintain a reasonable level of investment risk, which is supported by the Plan’s time horizon and Employer covenant (which is the Employer’s legal obligation and financial ability to support the Plan now and in the future);
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer’s contribution requirements.

The Trustee de-risked its investment strategy in December 2023, and therefore, the Plan’s SIP was subsequently updated in May 2024 to reflect the change in investment strategy.

3. Voting and Engagement

The Trustee is keen that their managers are signatories of the UK Stewardship Code, currently all the investment managers are signatories.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will deepen their understanding of their existing managers' policies over time.

The Plan, over the year, had holdings in the below funds:

- Schroder Sterling Liquidity Plus Fund
- Schroder Matching Physical and Synthetic Gilt Fund Range
- Schroder Intermediated Diversified Growth Fund
- BlackRock Global Equity Index
- Rothschild New Court Equity Growth Fund

The underlined funds are fixed income funds therefore do not hold physical equities and hence there are no voting rights and voting data for the Trustee to report on.

Voting information in respect of the other funds listed above, which do contain physical equities, is set out in the rest of this statement.

4. Description of Investment Management's voting processes

a. Schroders

Schroders describe their voting process as the below:

"As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).

We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our Proxy Voting Policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we will vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as that provided by Glass Lewis, the Investment Association's Institutional Voting Information Services and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We 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 2023, we voted on approximately 7,400 meetings and 95% of total resolutions, and instructed a vote against the board at over 52% of meetings.

in Q4 2023 we switched vendor from ISS to Glass Lewis (GL) who act as our one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

GL automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process."

b. Blackrock

Blackrock describe their voting process as the below:

"The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients.

We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive.

Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes."

c. Rothschild

Rothschild describe its voting process as the below:

"The relatively concentrated and low turnover nature of our equity holdings enables us to review all meeting resolutions for our portfolio companies ourselves. Where possible, we have alerts set up so we automatically receive meeting details as soon as they are released. Where this is not available, our close monitoring of portfolio companies means we will pick up details soon after their publication. The initial review of meeting details is usually conducted by one of the responsible investment specialists in our investment team. Their thoughts, along with the meeting documentation is then shared with the lead analyst of the company and at least one of the co-heads of the investment team. Once all involved are comfortable with the direction of the votes, instructions are sent to our operations team for execution. All voting decisions and results are stored by the team"

5. Summary of voting behaviour over the year

a. Schroders

Schroders currently only provide voting data at quarter ends but are working to start providing this data at month end in the near future.

	Summary Info
Manager name	Schroders
Fund name	Intermediated Diversified Growth Fund
Approximate value of trustees' assets	c.£2.6m as at 31 July 2024
Number of Equity holdings	1,236
Number of meetings eligible to vote	1,129
Number of resolutions eligible to vote	14,749
% of resolutions voted	96.53%
% of resolutions voted with management	89.37%
% of resolutions voted against management	10.63%
% of resolutions abstained	0.17%
% of meetings voted at least once against management?	57.14%

**Data provided as at 30 June 2024*

b. Blackrock

A summary of Blackrock's voting behaviour over the period is provided in the table below:	Summary Info
Manager name	Blackrock
Fund name	Global Equity Index
Approximate value of trustees' assets	c.£7.5m as at 31 July 2024
Number of meetings eligible to vote	1,490
Number of resolutions eligible to vote	21,721
% of resolutions voted	98.0%
% of resolutions voted with management	96.0%
% of resolutions voted against management	3.0%
% of resolutions abstained	0.0%
% of meetings voted at least once against management?	24.0%

c. Rothschild

A summary of Rothschild's voting behaviour over the period is provided in the table below:

	Summary Info
Manager name	Rothschild
Fund name	New Court Equity Growth Fund
Approximate value of trustees' assets	c.£6.4m as at 31 July 2024
Number of meetings eligible to vote	23
Number of resolutions eligible to vote	371
% of resolutions voted	100%
% of resolutions voted with management	93.00%
% of resolutions voted against management	7.00%
% of resolutions abstained	0%
% of meetings voted at least once against management?	6.0%

6. Most significant votes over the year

a. Schroders

Schroders believe that all resolutions when they vote against the board's recommendations 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.

b. Blackrock

BlackRock Investment Stewardship prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance. Our year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes we have identified in turn shape our Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which we look at the sustainable long-term financial performance of investee companies.

BIS periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to their clients and other stakeholders, and potentially represent a material risk to the investment they undertake on behalf of clients.

BIS make this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. BIS consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

c. Rothschild

Rothschild have no fixed internal definition of what votes constitutes being significant and what votes do not.

Qualitatively Rothschild deemed significant votes as:

- 1) Against the recommendation of the board
- 2) On a resolution put forward by a fellow shareholder
- 3) On a climate related resolution

Below is a sample of the significant votes made by the managers over the period .

Schroder Intermediated Diversified Growth Fund

Company name	Alphabet Inc.	Jazz Pharmaceuticals plc
Date of vote	02-Jun-23	03-Aug-23
Summary of the resolution	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	Elect Director Rick E. Winningham
How you voted	For	Against
Rationale for the voting decision	Shareholders would benefit from additional disclosure on how the company's lobbying activities align to its climate goals and how it addresses any misalignment with its trade associations and other indirect lobbying activities.	Climate: Behind peers on climate risk management and oversight, we believe the way in which we have voted is in the best financial interests of our clients investments.
Outcome of the vote	FAIL	PASS

Blackrock Global Equity Index Fund

Company name	New World Development Company Limited	Qantas Airways Limited
Date of vote	02 Nov 2023	03 Nov 2023
Summary of the resolution	Approve Revision of Annual Caps and Related Transactions	Approve Remuneration Report
How you voted	For	Against
Rationale for the voting decision		1- [LN-M0550-001] Remuneration arrangements are poorly structured. 2- [LN-M0550-002] Remuneration committee discretion has been used poorly.
Outcome of the vote	Pass	Fail

Rothschild New Court Equity Growth Fund

Company name	Deere	Moody's
Date of vote	28/02/2024	16/04/2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.32%	4.01%
Summary of the resolution	Customer and Company Sustainability Congruency Report	To amend the Moody's Corporation Restated Certificate of Incorporation to authorize stockholders owning 25% of the Company's common stock to have the Company call special meetings of stockholders
How you voted	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	No
Rationale for the voting decision	Information requested already contained in sustainability report	Currently 15% ownership required to call a special SH meeting. The board would like to raise the threshold to 25%. Their reasoning is that this is the average threshold that S&P 500 companies have. A 15% level is not uncommon, however. A quick perplexity search suggests that this is correct, although it seems as though there isn't a hard and fast rule over appropriate threshold. Management obviously prefer higher thresholds, shareholders prefer lower. I believe there is merit in keeping management honest with an achievable special meeting threshold level. The tension is whether management is distracted by potential unnecessary activist investor involvement, facilitated by a 15% level. Berkshire current hold ~13%, which should be a good signal for long-term investors vs activist involvement. In general I don't support the restriction of shareholder rights and therefore recommend to vote against the change to the more onerous 25% threshold level as it, on balance, reduces shareholder optionality.
Outcome of the vote	No	Yes
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	No - Company already does a strong job at reporting and this proposal would have duplicated efforts	This vote weakened shareholder rights however this is not a material issue for us.
On which criteria have you assessed this vote to be "most significant"?	We define a significant vote as: 1) Against the recommendation of the board 2) On a resolution put forward by a fellow shareholder 3) On a climate related resolution	We define a significant vote as: 1) Against the recommendation of the board 2) On a resolution put forward by a fellow shareholder 3) On a climate related resolution