

Engagement Policy Implementation Statement (“EPIS”)

The Hackwood Final Salary Pension Plan (the “Plan”)

Scheme Year End – 31 December 2022

The purpose of the EPIS is for us, the Trustees of the Hackwood Final Salary Pension Plan, to explain what we have done during the year ending 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, all of the Plan’s material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, all of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Plan is invested in where available.

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP:
<https://www.linklaters.com/en/legal-notice/the-hackwood-final-salary-pension-plan-statement-of-investment-principles>

Our Engagement Action Plan

The Trustees are taking the following steps to monitor and assess ESG related risks and opportunities:

- As part of ongoing monitoring of the Plan's investment managers, the Trustees will use ESG ratings information provided by Aon, where relevant and available, to monitor the level of the Plan's investment managers' integration of ESG on a regular basis.
- The Trustees will request all the Plan's investment managers to provide their Responsible Investment policy and details of how they integrate ESG into their investment decision making process on a regular basis. Should the Plan look to appoint a new manager, the Trustees will request this information as part of the selection process. All responses will be reviewed and monitored with input from their investment consultant.

We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

The Trustees regularly monitor the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

The Trustees review the stewardship activities of their investment managers on an annual basis and whenever the need arises, covering both engagement and voting actions. Where the Trustees, Investment Consultant or other stakeholder identifies significant concerns relating to performance, strategy, risks, social and environmental impact, corporate governance, the capital structure or management of actual or potential conflicts of interest, of a fund manager or other stakeholder; they will consider the methods by which they would monitor and engage with relevant persons about relevant matters.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for Plan's material fund with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
MFS - Global Equity Fund	1,398	100.0%	4.5%	0.0%

Source: Manager

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's manager uses proxy voting advisers.

	Description of use of proxy voting adviser(s)
MFS	MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping. While we also receive research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyzes all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's equity investment manager to provide a selection of what they consider to be the most significant votes in relation to the Plan's fund. A sample of these significant votes can be found in the appendix.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
MFS - Global Equity Fund	29	220	Not provided
LGIM - AAA-AA-A Corporate Bonds - All Stocks Index Fund	110	Not provided	Environment - Climate change; Natural resource use/impact (e.g., water, biodiversity) Social - Human capital management (e.g., inclusion & diversity, employee terms, safety); Public health Governance - Board effectiveness - Diversity; Remuneration
LGIM - Managed Property Fund	34	Not provided	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying); Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness- Diversity; Remuneration; Shareholder rights

Source: Managers

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- MFS did not provide some of the engagement information requested. According to the manager, it has recently developed its engagement reporting platform and is still in its early stages. Thus, the engagement data provided by MFS is limited and may not reflect the total extent of engagements held. The Plan disinvested from MFS in November 2022 and so the Trustees will not engage with this manager.
- LGIM provided fund level engagement information but not in the industry standard template. Additionally, the manager did not provide firm level engagement information requested.

This report does not include commentary on the Plan's investment in cash or gilts because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote example provided by the Plan’s equity manager. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management’s proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustees consider inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Plan

The Trustees consider a significant vote as one which the voting manager deems to be significant or a vote where more than 15% of votes were cast against management.

MFS - Global Equity Fund	Company name	Linde Plc
	Date of vote	25-July-2022
	How the manager voted	Against Management (supporting shareholder proposal)
	Did the manager communicate its intent to the company ahead of the vote?	While MFS may engage with issuers ahead of our vote at a shareholder meeting, we may not disclose our final vote decisions that are considered on a case-by-case basis prior to the meeting.
	Summary of the resolution	Adopt Simple Majority Vote
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~2.4%
	Outcome of the vote	Pass
	Rationale for the voting decision	MFS supports shareholder proposals requesting the reduction of the supermajority vote requirement as such an action would further enhance shareholder rights.
	Implications of the outcome	This level of support demonstrates clear shareholder desire for the repeal of the company's supermajority vote provisions. We expect to see the issuer work to resolve the issue brought forth in this majority-supported proposal.
	Criteria on which the vote is considered significant?	“Significant votes” may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.

Source: Manager