

Halcyon Business Solutions Pension Scheme Implementation Statement for the year ended 31st January 2024

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Halcyon Business Solutions Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31st January 2024 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast by the underlying investment managers during the reporting year.

Please note that the Trustee of the Scheme is a sole professional independent Trustee but for ease of reading we use Trustees in this statement throughout.

Background

The Trustees’ policy on Environmental, Social and Governance (“ESG”) and voting issues is documented in their Statement of Investment Principles dated July 2023.

The Trustees’ policy

The Trustees believe that there can be financially material risks relating to ESG.

The Trustees will take their views on ESG factors into account in any future Investment Manager Selection exercises for the underlying investments that the Scheme makes. The Trustees recognise that the extent to which ESG factors can be material may depend on the asset class being invested in.

The Trustees will monitor the ESG integration practices of the managers they are invested in using the research capability of their Investment Consultants. The Trustees receive regular reporting on their Investment Managers which will consider ESG factors. The Trustees will take ESG factors into account when deciding whether to retain or remove an individual manager.

Recognising that the Trustees use pooled funds, they have delegated the ongoing monitoring and management of ESG risks in individual stocks to the Scheme’s Investment Managers. The Trustees recognise that how, and the extent that, the Investment Managers do this will be dependent on the asset class characteristics.

They have also delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the Investment Managers.

Manager selection exercises

During the reporting year, there was one manager selection exercise. The Trustees introduced the Insight High Grade ABS Fund. This Fund was deemed suitable for the Scheme by XPS Investment, using various criteria. One of the criteria - in acknowledgment of the Trustees’ policy - was that the manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the Fund to an acceptable degree.

Ongoing governance

The Trustees have appointed XPS as their Investment Consultant. XPS’s research department have regular and extensive interaction with the Scheme’s investment managers including monitoring the processes and operational behaviour of the

investment managers. This information is collated, and any developments are reported to the Trustees in the quarterly investment management reports, if it arises.

The Scheme invests with five underlying investment managers:

- The BlackRock fund invests in a range of asset classes, including, equities, bonds and property. BlackRock regularly engage in voting activity in regard to the underlying equity holdings (further information below).
- The LGIM funds invest in UK government bonds and as such there is limited engagement given the bonds are issued by the UK government.
- The Allianz, Payden & Rygel and Insight funds invest in a variety of credit-based assets. There is no equity exposure in these funds and therefore the managers do not engage in voting activity, given the underlying bonds do not carry voting rights. However, all funds incorporate ESG considerations into their investment decision making to varying degrees (see below).

XPS engage with, and frequently monitor, all investment managers on an ongoing basis. During the period, no developments were noted.

During the period, the Trustees commissioned a new ESG Beliefs Survey to obtain the up-to-date views from the Trustee representatives of the sole corporate Trustee to aid discussions around ESG. The Trustee representatives were satisfied with the current approach on ESG matters and there are no follow up actions during the reporting period.

The Trustees believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees' have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities will form part of the strategy through the diversified growth fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by BlackRock is shown in the table below. This voting information has been provided by the investment managers.

The Trustees' view is that strong stewardship of the underlying companies in which the Scheme invests is important and the Trustees expect the Scheme's managers to exert influence to improve this through their voting activity and other measures. As the Scheme invests in pooled funds, the Trustees can therefore only influence the Scheme's managers rather than the underlying companies directly. The Trustees have selected significant votes on the basis they are linked to the Trustees' Policy which has a focus on matters including climate change and board stewardship, these being significant and material topics that are relevant to the Trustees policy.

Where the manager has provided a selection of significant votes, the Trustees have reviewed the rationale for significant votes provided by the managers and are comfortable with the rationale provided, and that this is consistent with their policy. The Trustees, with the help of their Investment Consultant, have considered the information the Investment Managers have been able to provide on significant voting, and have deemed the below information as most relevant.

The Scheme also holds a proportion of its portfolio in fixed income funds managed by Allianz, Legal & General Investment Management ("LGIM"), Payden & Rygel and Insight. These funds invest in various bond holdings which do not carry voting rights.

Based on this summary, the Trustees conclude that Blackrock have exercised their delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees' relevant policies in this regard.

BlackRock Dynamic Diversified Growth Fund

The information below has been provided by Blackrock and is written from their perspective. As such references to “our” means Blackrock.

Voting Information
BlackRock Dynamic Diversified Growth Fund
BlackRock voted on 93% of resolutions of which they were eligible out of 7491 eligible votes 94% of the time they voted with management 5% of the time they voted against management 1% of the time they voted to abstain
Investment Manager Client Consultation Policy on Voting
<p>BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders’ best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.</p> <p>Consistent with these shareholder rights, BlackRock has a responsibility to monitor and provide feedback to companies, in their role as stewards of their clients’ investments. BlackRock Investment Stewardship (“BIS”) does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance (“ESG”) matters and, for those clients who have given BlackRock authority, through voting proxies in the best long-term economic interests of BlackRock’s clients. BlackRock also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with BlackRock’s clients’ interests as long-term shareholders.</p> <p>BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with BlackRock’s view of what supports sustainable long-term value creation, BlackRock will engage with a company and/or use our vote to encourage a change in practice.</p> <p>BlackRock views engagement as an important activity; engagement provides BlackRock with the opportunity to improve their understanding of the business and ESG risks and opportunities that are material to the companies in which BlackRock’s clients invest. As long-term investors on behalf of clients, BlackRock seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company’s management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believe they could be enhanced. BlackRock primarily engage through direct dialogue but may use other tools such as written correspondence to share BlackRock’s perspectives. Engagement also informs BlackRock’s voting decisions.</p> <p>BlackRock’s approach to corporate governance and stewardship is explained in BlackRock’s Global Principles. These high-level Principles are the framework for BlackRock’s more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how BlackRock</p>

monitor and engage with companies), BlackRock's policy on voting, BlackRock's integrated approach to stewardship matters and how BlackRock deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews their Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's Global Principles are available on their website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

Investment Manager Process to determine how to Vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock take into account a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. BlackRock's 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. BlackRock may also update their regional engagement priorities based on issues that BlackRock believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with BlackRock's clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in BlackRock's Global Principles, BlackRock determines which companies to engage directly based on BlackRock's assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of BlackRock's engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand BlackRock's thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock inform their 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 themselves, but the client would engage a third-party voting execution platform to cast the votes.

How does this manager determine what constitutes a 'Significant' Vote?

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

BlackRock periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that BlackRock consider, based on their Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain BlackRock's 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 BlackRock's clients and other stakeholders, and potentially represent a material risk to the investment BlackRock undertake on behalf of clients. BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of BlackRock's vote determination when it is most

relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Does the manager utilise a Proxy Voting System? If so, please detail

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines.

While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into BlackRock’s vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BlackRock’s investment stewardship analysts can readily identify and prioritise those companies where BlackRock’s own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company’s own reporting (such as the proxy statement and the website), BlackRock’s engagement and voting history with the company, and the views of BlackRock’s active investors, public information and ESG research.

In summary, proxy research firms help BlackRock deploy their resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients’ assets, using BlackRock’s voice as a shareholder on their behalf to ensure that companies are well led and well managed
- BlackRock use proxy research firms in their voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that analysts can readily identify and prioritise those companies where BlackRock’s own additional research and engagement would be beneficial
 - BlackRock do not follow any single proxy research firm’s voting recommendations and in most markets, BlackRock subscribe to two research providers and use several other inputs, including a company’s own disclosures, in their voting and engagement analysis
 - BlackRock also work with proxy research firms, which apply BlackRock’s proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision
 - The proxy voting operating environment is complex and BlackRock work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

Top 5 Significant Votes during the Period*

Company	Voting Subject	How did the Investment Manager Vote?	Result
Siemens AG		For	Pass

	Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission		
<p>BlackRock are aware of the concerns expressed by some that virtual-only AGMs could potentially impede meaningful exchanges between management and shareholders. However, following BlackRock's analysis of the proposals and engagement with the company, BIS believed that Siemens had proposed an appropriate approach that is not likely to undermine shareholder rights. The company identified several benefits to holding a virtual AGM, including cost and resource efficiency; the potential to enable greater access for participants; and the potential avoidance of corporate carbon emissions in connection with director and executive travel. For these reasons, BIS believed it was in the best financial interests of BlackRock's clients to support these management proposals.</p>			
Amazon.com, Inc.	Report on Efforts to Reduce Plastic Use	For	Fail
<p>BIS supported this shareholder proposal because, in BlackRock's assessment, shareholders would benefit from more information on the company's approach to reducing plastic waste arising from their products and services. The shareholder proposal requested that the Board issue a report "describing how the company could reduce its plastics use in alignment with the 1/3 reduction findings of the Pew Report, or other authoritative sources, to reduce the majority of ocean pollution". BlackRock believe that the company's goals in relation to plastic recycling are clear but Amazon does not explicitly disclose the total amount of plastic issued; therefore, it is difficult for stakeholders to determine how effectively the company is managing this material risk and their progress year over year. As a result, BlackRock supported this shareholder proposal, as BlackRock believe it is in the best interests of BlackRock's clients for Amazon to enhance their disclosure on this material long-term business risk.</p>			
Shell Plc	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Against	Fail
<p>BIS did not support this shareholder proposal because in BlackRock's view, it was overly prescriptive and unduly constraining on management's decision making. In BlackRock's assessment, Shell's Energy Transition Strategy is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan. However, BIS noted that adhering to the proponent's ask would require Shell to reduce product sales or alter their business composition, which could impact the company's financial strength and unduly constrain management. Therefore, BIS did not consider it in the financial interests of BlackRock's clients to support this shareholder proposal.</p>			
Broadcom Inc.	Advisory vote to approve named executive officer compensation	Against	Fail
<p>BIS did not support Broadcom's say-on-pay proposal which sought approval of pay policies that BlackRock did not consider to be aligned with the interests of long-term shareholders. In recent engagement, BIS raised concerns about the company's long-term incentive plan, the multi-year use of one-off awards and the lack of a clawback policy. BIS noted its main concern was regarding the lack of transparency over the criteria used to determine a special award which was made to the CEO in</p>			

2022. BlackRock remain concerned about the disproportionate focus on short-term goals and the insufficient transparency in relation to compensation and as a result, determined not to support the say on pay proposal.

Woodside Energy Group Ltd.	Approve the Amendments to the Company's constitution	Against	Fail
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BIS is generally not supportive of constitutional amendment resolutions and voted against the special resolution to amend Woodside's constitution. BIS concern is that the relative ease of filing introduces the risk of potentially distracting and time-consuming resolutions being submitted by shareholders whose interests are not necessarily aligned with those of the broader shareholder base. Subsequently, BIS voted against this proposal.

Disclaimer: All voting information is provided for the 12-month period to 31 December 2023, as provided by the investment manager. Neither XPS Investment Limited nor the Trustees have vetted these votes.

I confirm that this Implementation Statement is accurate, and representative of the Trustees' investment policies followed during the year.

Signed: Alison Creasy Chair of Trustees
For and on behalf of Capital Cranfield Pension Trustees Limited

Date: 19 April 2024