

Oldrid & Company Limited Retirement Benefits Scheme

Implementation Statement

Scheme year ended 31 January 2023

Purpose of this statement

This implementation statement has been produced by the Trustee of the Oldrid & Company Limited Retirement Benefits Scheme ("**the Scheme**") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year to 31 January 2023.
- The voting activity undertaken by the Scheme's investment manager on behalf of the Trustee over the year to 31 December 2022 (the most recent data available at the Scheme's year end, as the investment manager only reports this data quarterly), including information regarding the most significant votes.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 January 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2020 and has been made available online here:

<https://www.downtownstores.co.uk/pension-scheme>

No changes were made to the stewardship policy over the year.

At the date of this statement, the Trustee has not set stewardship priorities for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

The Trustee decided not to set stewardship priorities for the Scheme at this time because:

- The Scheme invests through pooled investment vehicles where the Scheme's assets represent a small proportion of the capital invested in the funds and the Trustee understands that it is constrained by the policies of the manager.
- Only 28% (£11.5m as at 31 January 2023) of the Scheme assets were invested in assets with voting rights attached.
- The Trustee plans to reduce the allocation to assets with voting rights attached over time as the Scheme moves towards buyout. The allocation to assets with voting rights has been reduced to 20% after the year end.

The Trustee does take stewardship, climate risk, and ESG factors into account at the time of any manager selection. The Trustee also reviews the stewardship and engagement activities of the investment manager annually.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment manager, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- At the Scheme's year end, the Scheme's investment manager was Schroder Investment Management (UK) Limited ("Schroders"). The Trustee regularly considers the performance of the funds held with Schroders and any significant developments that arise.
- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to Schroders.
- The Trustee receives reports on engagement and voting annually from Schroders, via its investment consultant, and reviews these annually to ensure alignment with its own policies. This exercise was undertaken as part of the preparation of this statement and the Trustee was satisfied with Schroders' approach to exclude controversial weapons, adult entertainment, gambling, oil sands, thermal coal and tobacco.
- Having reviewed the above in accordance with its policies, the Trustee is comfortable that Schroders' actions are in alignment with the Scheme's stewardship policies.

The tables provided in the remainder of the statement provide an indication of the investment manager's overall voting and engagement activities.

Prepared by the Trustee of the Oldrid & Company Limited Retirement Benefits Scheme

August 2023

Voting data

This section provides a summary of the voting activity undertaken by the investment manager within the Scheme's growth portfolio over the year to 31 December 2022 on behalf of the Trustee. The buy and maintain credit and LDI portfolios have no voting rights given the nature of the mandates.

Manager	Schroder Investment Management Limited	
Fund name	Diversified Growth Fund	QEP Global Core
Structure	Pooled	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.	
No. of eligible meetings	1,216	561
No. of eligible votes	15,081	7,805
Percentage of resolutions the manager voted on*	95.7%	95.5%
Percentage of resolutions the manager abstained from*	0.6%	0.2%
Percentage of resolutions voted <i>with</i> management*	89.9%	87.2%
Percentage of resolutions voted <i>against</i> management*	10.1%	12.8%
% of resolutions voted against proxy voter recommendation	Unavailable**	

*as a percentage of eligible votes (note that these do not sum to 100% as there is overlap between the categories due to Schroders' approach to classifying votes)

**this information was not available at the time this statement was produced

Source: Schroders

Schroders receive research data from both Institutional Shareholder Services (ISS) and the Investment Association's Institutional Voting Information Services (IVIS), but also carry out their own research into both financial and ESG factors to reach their final voting decisions.

Schroders currently use ISS as their service provider for the processing of proxy votes. ISS delivers vote processing through their Internet-based platform (Proxy Exchange), and Schroders receives ISS research on resolutions. Schroders complement this with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For Schroders' smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy which is in line with Schroders' published ESG policy, with only a few resolutions referred to Schroders for a final decision.

Schroders have a company-wide policy to vote on every resolution. Abstentions are made on the basis of individual assessments of the proposals in line with their voting policies.

There are no voting rights attached to the Scheme's matching assets, and therefore no voting information is shown above for these assets.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes.

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes as appropriate.

For this Implementation Statement, the Trustee has asked Schroders to determine what they believe to be a “significant” vote.

Schroders have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes for each fund with voting rights, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme.

Schroders, Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Plc	Airbus SE	Charter Communications, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Summary of the resolution	Approve Climate Action Plan	Approve Implementation of Remuneration Policy	Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics
How the manager voted	Against	Against	For
Rationale for the voting decision	Schroders were concerned that they were unable to ascertain whether the company is engaging sufficiently with its customers and other stakeholders on its scope 3 emissions to support its climate action plan.	Schroders were concerned because less than 50% of STI (short term incentive) targets in the policy were financial. There was also a lack of disclosure of bonus targets.	Schroders supported this proposal as reporting quantitative, comparable diversity data would allow shareholders to better assess the effectiveness of Charter's diversity, equity and inclusion efforts and management of related risks.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Criteria on which the vote is considered “significant”	Voted against management on a governance- and climate-related management proposal	Voted against management on a governance-related management proposal	Voted against management on an equality-related shareholder proposal

Schroders, QEP Global Core Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	KLA Corporation	Cisco Systems, Inc.	Microsoft Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director Brenton L. Saunders	Report on Government Use of Microsoft Technology
How the manager voted	Against	Against	For
Rationale for the voting decision	Schroders believed a vote against this proposal to be warranted due to absence of disclosure around the shareholding and shareholder requirement for the executive directors.	Schroders were concerned because the nominee sits on a number of external boards which may result in over-boarding and impact their role.	The proposal requested that the Company identify real or potential conflicts with its stated human rights policies. Schroders felt this was reasonable given the potential risks.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
Criteria on which the vote is considered "significant"	Voted against management on a governance-related management proposal	Voted against management on a governance-related management proposal	Voted against management on a governance-related management proposal

Source: Schroders

Engagement data

Schroders engage with their investee companies on behalf of the Trustee. The table below provides a summary of the engagement activity undertaken by Schroders.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets has not been shown.

Manager	Schroder Investment Management Limited	
Reporting date	31 December 2022	
Fund name	Diversified Growth Fund	QEP Global Core
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	>1000	148
Number of engagements undertaken at a firm level in the year	>2,800	

<p>Example of engagement undertaken</p>	<p>Company: Ubisoft Entertainment Theme: Diversity, Equality & Inclusion</p> <p>Engagement details: Schroders expect to see improving trends in the percentage of women in workforce, management and board in line with company targets.</p> <p>Percentage of females in the workforce, management, and top management at Ubisoft all increased from March 2020 to March 2021. Board gender diversity also increased. Marked as "almost" as Schroders want to see sustained improvement.</p>	<p>Company: Kimberley Clark Theme: Labour standards (supply chain)</p> <p>Engagement details: Schroders sought to understand what action the company had taken to address allegations of forced labour within their supply chain, specifically concerning a Malaysian supplier, though few specifics were able to be shared due to litigation ongoing.</p> <p>The company has taken steps to improve their due diligence processes. They have invested in mechanisms to improve supply chain standards and are working with stakeholder groups more proactively to improve communication channels. They are also increasing access to new data sources in the hope this can help identify high-risk suppliers in the future.</p> <p>Although Schroders were pleased to hear of steps already taken by the company, they moved to discuss the company's approach to human rights due diligence more broadly, such as remediation processes, grievance mechanisms and responsible purchasing practices currently in place. Schroders will continue to engage with the company on all these topics to push progressive change while seeking an update on this recent controversy.</p>
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Source: Schroders