

Engagement Policy Implementation Statement (“EPIS”)

Howden Joinery Pension Plan (the “Plan”)

Plan Year End – 31 March 2024

The purpose of the Engagement Policy Implementation Statement is for us, the Trustee of the Howden Joinery Pension Plan, to explain what we have done during the year ending 31 March 2024 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, most of the Plan’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations. It is our view that our voting rights have been exercised effectively on our behalf.

However, not all managers were able to provide the complete set of information requested. For example, CBRE and CVC did not provide any information on engagement. Our investment advisers will engage with the managers on our behalf to encourage improvements in future reporting.

We will also engage with our investment managers to better understand engagement practices where specific engagement data was missing.

How voting and engagement policies have been followed

The Plan is invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with the Trustee's policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most 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 of this report.

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 ESG ratings from Aon for the funds the Plan is invested in where available.

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these. In addition, the Trustee engaged in several sessions about TCFD monitoring to ensure that they are evaluating the necessary information for their TCFD aligned report about the climate related risk being encountered by the Plan's assets. This will summarise the Trustee's understanding of the impact of climate change and the Plan's vulnerability to climate-related risks, and how these risks can be mitigated.

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.howdenjoinerypensions.co.uk/howden/resources/statement-of-investment-principles-august-2023/>

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. At the time of write, some of our managers were able to provide all the information requested:

Legal and General Investment Management ("LGIM") provided a comprehensive list of fund-level engagements for the equity fund, which we find encouraging, however it did not provide detailed engagement examples specific to the funds in which we are invested. Additionally, it did not provide fund-level engagement information for the property fund.

CBRE and CVC did not provide any engagement information. CRC did not provide fund-level engagement information.

ICG Longbow did not provide the number of engagements at a fund-level for the UK Real Estate Debt Investments Fund or Senior Debt Partner I.

2. We will invite some of our relevant investment managers to meetings to get a better understanding of their voting and engagement practices, and how

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 Environmental Social Governance ("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

these help us fulfil our Responsible Investment policies. We have an engagement plan which involves inviting the Plan's investment managers to provide their respective Responsible Investment policies and details of how they integrate ESG into their investment decision making process.

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

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. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. 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 the Plan's material fund with voting rights for the year to 31-Mar-2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Developed Balanced Factor Equity Index Fund (hedged & unhedged)	12,190	99.8%	21.1%	0.2%

Source: Manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

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.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Legal & General Investment Management (LGIM)	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. 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 funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund-level	Firm-level	
Hayfin Direct Lending Fund III	26	20	Environment - Climate Change; Pollution, Waste Social - Human Capital Management; Inequality; Conduct, Culture and Ethics
Leadenhall Diversified Fund	141	147	Environment - Climate Change Governance - Board effectiveness - Diversity; Board effectiveness - Independence/Oversight; Board effectiveness - Other; Leadership - Chair/CEO
LGIM - Developed Balanced Factor Equity Index Fund	296	2,500	Environment - Climate Change; Climate Impact Pledge Social – Income inequality, Ethnic Diversity Governance - Remuneration Other - Corporate Strategy
Robeco - SDG Credit Income fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board effectiveness - Other Other - SDG Engagement
ICG Longbow - UK Real Estate Debt Investments and Senior Debt Partner I	<i>Not provided</i>	455	Environment - Climate Change; Pollution, Waste; Natural Resource Use/Impact Social - Human and Labour Rights Other - Green Buildings Certification
CRC Single Investor Fund XV	<i>Not provided</i>	1	Environment* - Climate Change Social* - Inequality Strategy, Financial & Reporting* - Reporting Other* - Sustainable Investing
LGIM LPI Distribution Property Fund	<i>Not provided</i>	2,500	Environment* - Climate Change; Deforestation Social* - Ethnic Diversity Governance* - Remuneration Other* - Strategy
CVC Credit Partners Global Situations Fund II			<i>Not provided</i>
CBRE Global Investment Partners Global Alpha			<i>Not provided</i>

Source: Managers.

*The following managers did not provide fund level themes; themes provided are at a firm-level:

- CRC
- LGIM LPI Distribution Property Fund

Data limitations

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

- CVC did not provide the engagement data requested.
- CBRE did not provide engagement information, stating that it does not collate statistics on the number of individual engagements with the nature of its engagement activity often continuous and/or on a frequent basis, for example in relation to a specific project.
- CRC did not provide fund-level engagement information.
- ICG Longbow did not provide the number of engagements at a fund-level for the UK Real Estate Debt Investments Fund or Senior Debt Partner I. The manager says that quantifying engagements is not useful in a Real Estate Debt context. All borrowers are engaged during the pre-deal period which may require sponsors to provide mitigating actions.
- Legal and General Investment Management provided a comprehensive list of fund-level engagements for the equity fund, which we find encouraging, however it did not provide detailed engagement examples specific to the funds in which we are invested. Additionally, it did not provide fund-level engagement information for the property fund.

This report does not include commentary on certain asset classes such as liability driven investments, gilts, or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

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

LGIM - Developed Balanced Factor Equity Index Fund	Company name	Public Storage
	Date of vote	2-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
	Summary of the resolution	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Source: Manager