

Engagement Policy Implementation Statement (“EPIS”)

HJ Enthoven Limited Pension Scheme (the “Scheme”)

Scheme Year End – 05 April 2024

The purpose of the EPIS is for us, the Trustee of the HJ Enthoven Limited Pension Scheme, to explain what we have done during the year ending 05 April 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 Scheme’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.

During the Scheme year, we delegated the management of the Scheme’s assets to Cardano Risk Management Limited (“Cardano”) as they were our fiduciary manager for most of the reporting period. Near the end of the Scheme year, Aon Investment Limited (“AIL”) were appointed as the new fiduciary manager for the Scheme. However, given Cardano were the Scheme’s fiduciary manager for most of the reporting period, this statement focuses on asset stewardship and how voting rights have been exercised for the assets which Cardano managed.

We believe the activities completed by Cardano to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme'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 Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Cardano.

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

The Scheme's stewardship policy can be found in the SIP: [HJ Enthoven Limited Pension Scheme Members Site \(pensionpal.co.uk\)](https://www.hjenthovenlimited.co.uk/pension-scheme-members-site)

Our Engagement Action Plan

Based on the work we have done for the EPIS, we will spend time with our new fiduciary manager, Aon, to get a better understanding of how it will monitor voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies.

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

Our fiduciary manager's engagement activity

For most of the year, we delegated the management of the Scheme's defined benefit assets to Cardano, our fiduciary manager at the time. Cardano managed the Scheme's assets in a range of funds included multi-asset, multi-manager and liability matching funds. Cardano selected the underlying investment managers on our behalf.

We delegated monitoring of ESG integration and stewardship of the underlying managers to Cardano. We believe that Cardano used its resources to effectively influence positive outcomes in the funds in which it invests.

Our underlying 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 Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

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

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2024 which broadly matches the Scheme year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
AKO Global Long Only Fund	701	97.0%	8.0%	2.0%
Egerton Capital Equity Fund	493	91.9%	2.4%	1.1%
Kadensa Capital Fund	1,604	100.0%	15.1%	0.0%
MI Metropolis Value Fund	392	100.0%	4.0%	0.0%
Polar Capital Biotechnology Fund	634	95.4%	12.4%	0.0%
Sands Capital Emerging Markets Growth Fund	490	100.0%	2.7%	1.2%
Sunriver Fund	157	82.0%	4.0%	5.0%

Source: Cardano, Managers.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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

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 outlines the proxy voting advisers used by the Scheme's investment managers and where relevant, how they are used.

	Use of proxy voting adviser(s) <i>(in the managers' own words)</i>
AKO Capital ("AKO")	ProxyEdge and Institutional Shareholder Services Inc. ("ISS") to execute votes
Egerton Capital	Broadridge ProxyEdge to cast votes
Kadensa Capital	ISS
MI Metropolis	ISS
Polar Capital	ISS
Sands Capital	ISS, Glass Lewis, and SES (for India Holdings)
Sunriver	ISS

Source: Cardano, Managers.

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.

Significant voting examples

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

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 Scheme's material managers. The managers have provided information for the most recent calendar year available.

AKO Global Long Only Fund	Industry	Business services
	Engagement Theme	Human Rights
	Engagement Activity	A company held in the portfolio had a very long report on talent management, including diversity and inclusion, with a number of ambitious targets across the board and in particular on gender and ethnic diversity as well as equal opportunity. AKO realised that there was no disclosure of data to assess the company's efforts on ethnic diversity and internal promotion and engaged with them to raise their concerns about the lack of disclosure and the potential

Egerton Capital Equity Fund		reputational risk given the high profile and importance granted by the company to their DEI efforts.
	Outcome	The company has subsequently improved their disclosure, showing limited progress towards their stated goals.
	Industry	Railways
	Engagement Theme	Human Rights, Climate Change
	Engagement Activity	Egerton frequently engages with a holding company on topics across governance and sustainability as it believes improvements in these areas have the ability to drive shareholder value as well as bring about benefits to various stakeholders. In addition to discussing board structure and diversity initiatives, Egerton has continued to support and push for sustainability goals, including voting with a shareholder proposal for the company's board of directors to produce a greenhouse gas emission levels reduction plan, and to report annually on the progress made towards such plan. Other environmental initiatives Egerton continues to support are the build out of solar farms to reduce its carbon emissions, and a longer-term project to design and develop North America's first hydrogen-powered freight locomotive. Egerton's engagement is ongoing and there are frequent meetings with the company.
Kadensa Capital Fund	Outcome	The changes being implemented by the company have resulted in improved ratings from each of the major sustainability rating firms.
	Industry	Manufacturing
	Engagement Theme	Climate Crisis
	Engagement Activity	Following on from a low ESG rating, Kadensa have engaged with the senior management of an underlying company to assess the management's plan and commitment to address their low rating and track progress. The underlying company had received a low ESG rating despite efforts to integrate ESG within their business. Over recent years, management had focused on increasing ESG integration through initiatives at product level (launched EV and hybrid options), factory level (renewable energy installation), and staff level (encouraging employees to commute more sustainably) Through repeated meetings, Kadensa have confirmed with the company that they will connect with relevant ESG rating agencies to communicate their ESG efforts and understand the rating agencies' best practices. Most recently the company have confirmed that they have invited the ESG ratings agencies to visit their factory to learn about their ESG initiatives to the hopes to improve their rating.
	Outcome	The company has engaged with ESG rating agencies to seek to improve upon their low ESG Rating.

Source: Cardano, Managers.

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. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant.

AKO Global Long Only Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Dollar General	31/05/2023	Shareholder Proposal regarding cage-free eggs progress disclosure	For	Against DG has a public commitment to achieve 100% cage free egg by 2025 but has decided to not disclose progress against target. The Fund ended up exiting the position for multiple reasons, including poor disclosure

Kadensa Capital Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Meta Platforms	31/05/2023	Report on framework to assess company lobbying alignment with climate goals	For	Not approved

MI Metropolis Value Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Mastercard	14/09/2023	Advisory vote to ratify names executive officers' compensation	Against	Not approved

Sands Capital Emerging Markets Growth Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Wuxi Biologics (Cayman) Inc.	23/06/2023	Elect Ge Li as Director	For	Pass It would be highly disruptive to replace Dr Li as he brings valuable insight through his years of industry experience

Source: Cardano, Managers.