

## **HARWICH INTERNATIONAL PORT PENSION SCHEME**

### **IMPLEMENTATION STATEMENT FOR SCHEME YEAR ENDED 30 JUNE 2023**

#### **Background**

The Trustee's policy in relation to voting and engagement for the relevant Scheme year is set out in the Statements of Investment Principles dated October 2021. The latest version includes details of how the method of asset manager evaluation aligns with the Trustee investment policies, how the Trustee monitors portfolio turnover costs and if the asset manager is incentivised to align policies with the Trustee.

In accordance with the Statement of Investment Principles dated October 2021 the Trustee has delegated responsibility for the exercising of rights (including voting rights) attaching to investments to BlackRock the investment manager. The investment manager makes available regular reports to the Trustee Directors detailing their voting activity.

#### **BlackRock's voting and stewardship policies and activity**

The ability to vote and therefore voting rights are available on the equity holdings in funds held by the Trustee. Those funds are listed below.

Aquila Life European Equity Index Fund  
Aquila Life Currency Hedged European Equity Index Fund  
Aquila Life UK Equity Index Fund  
Aquila Life US Equity Index Fund  
Aquila Life Currency Hedged US Equity Index Fund  
Aquila Life Japanese Equity Index Fund  
Aquila Life Currency Hedged Japanese Equity Index Fund  
Aquila Life Pacific Rim Equity Index Fund  
Aquila Life Currency Hedged Pacific Rim Equity Index Fund

The equity holdings in funds held by the Trustee are all in passive index-tracking funds with BlackRock Investment Management (UK) Limited ("BlackRock"), via an insurance policy.

BlackRock is the legal owner of the securities that are held within the equity funds and has the legal right to the votes and is responsible for exercising those votes. Whilst the Trustee cannot directly influence the voting decisions made it is able to engage with BlackRock in relation to voting and engagement as required. The Trustee board engaged with BlackRock during the Scheme year to discuss their ESG approach and specifically their stewardship/engagement of underlying holdings.

BlackRock publish details of their voting guidelines which set out their view on key governance issues. Their approach to voting is market specific with the voting decisions made being informed by research and engagement as necessary. BlackRock have provided detailed information to the Trustee setting out their voting behaviour in respect of each of the equity funds listed above for the relevant Scheme year. This information sets out the votes available and votes made including any abstentions or withheld votes.

BlackRock subscribe to proxy voting advisory services the input from which is used in its process of analysing votes along with many other inputs which together inform their voting decision. A summary of the voting during the Scheme year is enclosed in Appendix 1.

### **Significant votes over the reporting year**

The Trustee has reviewed the most significant votes cast by BlackRock.

The Trustee has interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by BlackRock in accordance with the PLSA guidance.

The significant votes provided by BlackRock are determined by the stewardship policies they have in place. As the Scheme has not set any stewardship priorities at the end of the Scheme year, significant votes will be classified according to BlackRock's policies. However, the Trustee has reviewed and is satisfied with BlackRock's classifications of significant votes during the Scheme year.

BlackRock publish voting bulletins shortly after any significant votes have taken place. These documents are prepared by Institutional Shareholder Services and provide background to the vote and an explanation of BlackRock's voting decision.

BlackRock have provided the following explanation of their view as to the most significant votes cast during the year and their rationale for their inclusion as significant.

BlackRock Investment Stewardship (BIS) periodically published "vote bulletins" on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. These bulletins are intended to explain our vote decisions relating to a range of business issues including ESG matters that we consider, based on our global principles and engagement priorities, potentially material to a company's sustainable long-term financial performance.'

'BIS publishes vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders on our approach to the votes we consider to be most significant and thus require more detailed explanation...'

The Trustee has been provided with detailed information for the votes that BlackRock consider to be the most significant votes assessed against the criteria set out above in respect of each of the equity funds listed above for the relevant Scheme year. The main themes included in relation to the most significant criteria selection were Climate risk, natural capital, human capital management, board

quality and effectiveness, company impact on people, diversity, equality and inclusion, incentives aligned with value creation, executive remuneration and financial resilience. The information provided includes a description of the resolutions being voted upon, the votes cast, the outcome of the vote and the rationale for their voting decision with details of any further action that is being taken in relation to company monitoring and engagement. The Trustee is satisfied with the information provided in this respect.

The Trustee did not engage with the Investment Manager prior to the votes being cast. However, having reviewed all the supporting information, the Trustee is satisfied with the investment manager's processes for exercising voting rights and that these are consistent with the Statements of Investment Principles, and stewardship priorities outlined, and the Trustee will continue to engage with BlackRock in this respect.

### **Conflicts of interest**

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

BlackRock confirmed there were no conflicts of interest over the period.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through their employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place their clients' interests first and to identify and manage any conflicts of interest that may arise in the course of their business.

## **Review of the SIP over the Scheme year**

The SIP sets out the issues that the Trustee considers to be financially material which include interest and exchange rates, social, environmental and governance (ESG) factors, including climate change. The investment manager provides details of how ESG factors are incorporated in their long-term approaches to investment strategies and in the selection, retention and realisation of assets.

The SIP also sets out non-financial matters with the main objective being to ensure the financial security of members' benefits. These non-financial matters have been taken in account during the Scheme year in any selection, retention and realisation of assets. The Trustee has not directly sought the views of members on non-financial matters.

The Trustee's policies in relation to its arrangements with investment managers, as set out in the SIP have been followed during the Scheme year.

Signed on behalf of the Trustee of the Scheme:

A handwritten signature in black ink, appearing to be 'Robert Page', with a long horizontal line extending to the right.

Robert Page

Proxy Voting statistics summary

BLACKROCK FUND	Votable meetings	Meetings voted	Meeting with more than one vote	Votable ballots	Ballots voted	TOTAL Votable proposals	Proposals voted	SUMMARY OF VOTES MADE				MANAGEMENT VOTES	
								FOR	AGAINST	ABSTAINED	WITHHELD	WITH	AGAINST
Aquila Life European Equity Index Fund	488	413 84.63%	241 49.39%	500	417 83.40%	8937	6930 77.54%	6023 67.39%	791 8.85%	116 1.30%	0	6132 68.61%	798 8.93%
Aquila Life C H European Equity Index Fund	488	413 84.63%	241 49.39%	500	417 83.40%	8937	6930 77.54%	6023 67.39%	791 8.85%	116 1.30%	0	6132 68.61%	798 8.93%
Aquila Life UK Equity Index Fund	1046	1009 96.46%	240 22.94%	1250	1209 96.72%	15,046	14,604 97.06%	13,736 91.29%	609 4.05%	180 1.20%	24 0.16%	14,005 93.08%	602 4.00%
Aquila Life US Equity Index Fund	608	604 99.34%	105 17.27%	610	606 99.34%	7,993	7,936 99.29%	6,815 85.26%	650 8.13%	0 0.00%	52 0.65%	7,698 96.31%	238 2.98%
Aquila Life C H US Equity Index Fund	608	604 99.34%	105 17.27%	610	606 99.34%	7,993	7,936 99.29%	6,815 85.26%	650 8.13%	0 0.00%	52 0.65%	7,698 96.31%	238 2.98%
Aquila Life Japanese Equity Index Fund	500	497 99.40%	118 23.60%	500	497 99.40%	5,983	5,929 99.10%	5,587 93.38%	342 5.72%	0 0.00%	0 0.00%	5,727 95.72%	202 3.38%
Aquila Life C H Japanese Equity Index Fund	500	497 99.40%	118 23.60%	500	497 99.40%	5,983	5,929 99.10%	5,587 93.38%	342 5.72%	0 0.00%	0 0.00%	5,727 95.72%	202 3.38%
Aquila Life Pacific Rim Equity Index Fund	455	455 100%	147 32.31%	456	456 100%	3,157	3,157 100%	2,785 88.22%	372 11.78%	0 0.00%	0 0.00%	2,929 89.61%	328 10.39%
Aquila Life C H Pacific Rim Equity Index Fund	455	455 100%	147 32.31%	456	456 100%	3,157	3,157 100%	2,785 88.22%	372 11.78%	0 0.00%	0 0.00%	2,929 89.61%	328 10.39%

Source –BlackRock