HODDER HEADLINE STAFF RETIREMENT BENEFITS PLAN IMPLEMENTATION STATEMENT

Section 1 – Our Stewardship Policy

What is Stewardship?

"Stewardship" is the responsible allocation, management and oversight of capital to create long-term value for our members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is affected through exercising our right to vote on any shares we own and engaging with the management of any companies or properties in which we have a stake.

The Trustee does not hold any investments directly. All of the shares, bonds and other assets that we own are held through pooled vehicles that are managed by investment managers that have previously been appointed by us, or our Fiduciary Manager appoints. The reason we do this is:

- It provides a broader range of investment opportunities than would be possible if we were to own the assets directly, particularly given our size;
- This can improve the overall diversification of our investments and help reduce risk;
- Fixed costs are shared amongst other investors, thereby reducing our overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing overall governance burden both on the Trustee and the Sponsor.

In practice, therefore, we delegate to the investment managers voting and engagement. However, we remain responsible for setting our voting and engagement policies and ensuring that the investment managers that we or our Fiduciary Manager appoint act consistently with them.

What is our Stewardship Policy?

Our Stewardship Policy was amended during the year. Our previous Stewardship Policy was in place until September 2020.

For the majority of the financial year our position on stewardship was as follows:

> *"Stewardship encompasses the exercise of rights (including voting rights) attaching to the Plan's investments, and the engagement by and with investment managers.*
>
> *The Trustee currently delegates responsibility for stewardship activities attaching to the Plan's investments to its investment managers. Investment managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, investment managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.*
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> *The Trustee periodically reviews engagement activity undertaken by its investment managers to ensure that the policy outlined above is being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers.*
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> *The above activity will be delegated to Cardano in its role as fiduciary manager to the Plan. The Trustee will monitor Cardano's practices in this area on a triennial basis.*
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> *The Trustee is supportive of the UK Stewardship Code published by the Financial Reporting Council."*

We reviewed and considered our Stewardship Policy during the year and revised it in September 2020. Our focus on stewardship became more integrated throughout our SIP. Relevant extracts from our statement of investment principles are shown below:

> *"Undertaking engagement activities in respect of the investments*
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> *Where relevant, the Trustee prefers its investment managers to have an explicit strategy, outlining the circumstances in which they will engage with a company (or issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy.*
>
> *The Fiduciary Manager is responsible for engaging with investment managers regarding those investment managers' voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact (and the Trustee monitors the Fiduciary Manager's activity in this regard).*

> *"The exercise of the rights (including voting rights) attaching to the investments*
>
> *The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council."*

> *"Arrangements with all Investment Managers*
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> *…Stewardship policies and voting records are reviewed (and discussed with the investment managers) at least annually by the Fiduciary Manager, who will collate the qualitative and quantitative information required to allow the Trustee to review the above aspects in sufficient detail each year. The Trustee will challenge any arrangements or stewardship practices that do not align with its responsible investment approach."*

How have we implemented our Stewardship Policy?

The Trustee acknowledge that the majority of the investment strategy's exposure is achieved through derivative instruments, which provides limited opportunity to hold individual stocks and integrate ESG factors. This in turn impacts the implementation of the Trustee's policy on voting and engagement. Where investment managers are used, our Fiduciary Manager is responsible for engaging with the investment managers regarding their voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact.

Our Fiduciary Manager has been aligned with our Stewardship Policy throughout the year and has been a signatory to the UN Principles of Responsible Investment since 2011. They are also a signatory to the UK Stewardship Code and have a Tier 1 rating from the Financial Reporting Council.

Several core beliefs help drive our Fiduciary Manager's approach to engagement. They believe in:

- Focused governance – spending most time on the most material issues
- Transparency – improved reporting allows better quality dialogue, risk awareness and higher engagement impact
- Engagement – through education and close, regular dialogue
- Integration – leads to consistency, clarity of messaging and improved dialogue leading to greater engagement impact

In addition to the derivative based investments, the Fiduciary Manager does implement part of the investment strategy through the use of third-party investment managers. We monitor any voting and engagement activity of our investment managers, and, through our Fiduciary Manager, challenge their activity. We categorise our managers according to how material voting, and engagement is in their mandate. Some of our managers don't own very many assets such as equities or corporate bonds, and therefore voting or engagement is less likely to be relevant or significant.

We focus our efforts on any managers where voting and engagement is material. The stewardship policies of the "high focus" managers we invested in this year are summarised briefly below in their own words:

Manager	Asset Class	Stewardship Policy (in Manager's own words)
Amia Capital	Macro Orientated	Amia aims to follow the spirit of the PRI's Principle 2 in its stewardship practices, where stewardship (or active ownership) is defined as "the use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend". There are several stewardship mechanisms, the two of which most directly relate to Amia being proxy voting and engagement, although the extent to which we enjoy access to these mechanisms differs.
CCAM	Equity	CCAM will always endeavour to act in the best interests of its clients as stewards of their capital. Although it does not aspire to be an activist investor, it recognises the importance of regular and responsible engagement with companies in which it invests. As well as review and assessment of third party research and engagement with country and industry experts, members of the investment team engage in one-on-one meetings and telephone calls with senior management or Investor Relations representatives of companies. The purpose of such engagement includes: - understanding key drivers of growth; - understanding competitive positioning; - assessing the alignment of management goals and strategy with those of shareholders; - assessing corporate governance; and - assessing the environmental, social, governance and sustainability risk profile
Crake	Equity	Crake Asset Management aims to combine responsible corporate citizenship with pragmatic and effective portfolio management. In partnership with our retained ESG consultant, ISS, we regularly review the companies in the portfolio so that we can engage with them on important ESG issues and, if necessary, adjust the portfolio holdings. We monitor closely the proposed AGM/EGM resolutions of our companies for opportunities to influence company behaviour by using our vote. When necessary, however, we will express a strong opinion by supporting sustainability and governance proposals, including voting against management when appropriate.
Egerton Capital	Equity	Egerton typically votes in favour of routine housekeeping proposals, including election of directors (where no sustainability factors appear relevant). Egerton typically votes against proposals that make it more difficult to replace board members, and may vote against companies that do not publicly disclose their carbon and other GHG emissions and do not have a credible plan for their reduction. Egerton maintains records of votes cast, of reasons for voting against the investee company management's recommendations or for abstaining. Egerton may attend general meetings of companies in which the Funds have a major holding, or write formally to the directors of such companies, where this is considered appropriate and practicable.

Wellington	Emerging Market Debt	Constructive engagement with issuers is the most effective way to improve ESG characteristics over time. For emerging markets sovereigns, environmental, social, and governance (ESG) factors have long been embedded in Wellington's country research process used to assess the relative credit strength of all the countries under their research coverage. Our stewardship activities are driven by the E, S, and G factors that they have integrated into our investment philosophy and process. Social stability and the quality of governance – political stability, quality of policies, and strength of institutions – are all critically important factors in assessing both the probability of default and the relative value of government debt. Governance is a key component in our country scoring quantitative model that is used across countries. We use both external data from sources such as the World Bank and Transparency International as well as the internal assessments of our experienced sovereign analysts to evaluate these risks.

In addition, we held funds through the following managers, but either there was no direct exposure to equities, the proportion of equities held was very low (less than 5%) and/or the holding period was very short, and we therefore focus less on these managers' voting and engagement. The managers also held during the financial year were as follows:

Equity	Credit	Macro Orientated	Multi-Strategy	Other
Soc Gen	Gresham	GSA	Two Sigma (Risk Premia)	JP Morgan (liquidity fund)
Two Sigma (China core equity)	Rialto	Lynx	AQR	LGIM (liquidity, gilt and leverage gilt funds)
			Invesco	
			Winton	

Compliance with our Stewardship Policy

To the best of our knowledge we have complied with our Stewardship Policy.

Section 2 – How our managers have engaged in respect of the investments held

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship.

We summarise a couple examples of engagement activity for managers we deem "high focus" in the tables below.

Public market investments

Manager	Engagement activity (in Manager's words)
Amia Capital	Sub-Sahara Sovereign We have been invested in debt instruments issued by this Sub-Saharan sovereign ("the Sovereign") since 2018 and in June 2020 we led the formation of the External Bondholder Committee ("the Committee"), which at present comprises of 14 international financial institutions from Europe and US. The Committee in aggregate holds ~40% of the total outstanding Eurobonds and is in close contact with other holders representing a further ~30% of the Eurobonds. The Committee formally published a response to the consent solicitation request in September 2020, which re-iterated the focus on achieving a restructuring outcome which is in line with the G20-endorsed Principles for Stable Capital Flows and Fair Debt Restructuring ("the Principles") and the most recent October 2020 report on their implementation by the Principles Consultative Group. The Principles include aspects such as: transparency and timely flow of information; open dialogue; good faith actions; and fair treatment among creditor classes. They encourage disclosure of relevant information so that creditors are in a position to make informed assessments of the economic and financial situation, in order to make informed and prudent risk management and investment decisions. Information sharing and close consultations provide incentives for sound policy action in order to build market confidence, thus ensuring stable capital flows and preserving financial stability. The Principles encourage cooperation in an orderly process based on engagement and good-faith negotiations toward a fair resolution of debt-servicing difficulties and avoiding unfair discrimination among affected creditors.
Wellington	Quasi-Sovereign As the COVID pandemic continues, we are especially focused on how companies are managing social issues related to health and safety risks in addition to capital raising and corporate governance. For example, companies that are taking proper precautions with regard to protecting the health of their workforce may be better positioned to rebound and return to normal operations as the economy begins to open back up. This effect may take longer to play out in the EM countries/companies as the number of cases continue to increase when most the developed economies have potentially passed the peak levels. As an example, in 2020, we engaged with a Colombia based oil & gas company we hold in your portfolio, to understand the firm's response to COVID. The company took early actions in February to prioritize worker safety under the strong Board oversight. Prior to Colombian government's lockdown measures, the firm had already enacted protocols such as work-from-home for employees. As the business is deemed "essential" by the government, the company ensures that only essential workers are involved in production and all of them should have protective gears. The company also has a health clinic that has been authorized by the government to conduct virus tests. We are comfortable with our allocation to this issuer based on the company's credit fundamentals, valuations, and constructive ESG factors.

Section 3 – How our shares were voted

How our managers voted

Manager	Average % Trust assets	Number of potential votes	Proportion of votes cast	For	Against	Abstain
Amia	0.9%	0	-	-	-	-
AQR	1.4%	391	96%	350	25	0
CCAM	1.7%	304	99%	298	0	3
Crake	2.7%	322	21%	66	2	0
Egerton Capital	3.4%	475	62%	277	1	17
Invesco GTR	1.4%	5035	98%	4659	275	0
Wellington	1.9%	0	-	-	-	-

Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using a proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessary mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the FRC's Stewardship Code.

However, the potential concern is that the manager who has chosen to invest in the company is arguably in the best position to vote and engage with the company, and by failing to do so directly, may be signalling indifference to the management.

A summary of the use of proxy voting by our relevant "high focus" managers held during 2020 is as follows:

Manager	Use of proxy voting service	Comment
Amia Capital	Yes – Broadridge	Broadridge was appointed from February 2020, prior to this no proxy voting service was in place.
CCAM	No	CCAM use the custodian proxy voting systems to view company management recommendations and cast votes. They have not appointed any proxy advisory firms nor do they follow their recommendations.
Crake	Yes – ISS	Crake have retained ISS Proxy Exchange to highlight proposed votes at the companies they are invested for ESG implications. They use ISS's standard voting policy.

Egerton Capital	No	Third-party tools like Proxy Edge and Proxy Vote are used to cast votes, but Egerton does not utilise the services of any other third party (e.g. for advice or monitoring) and therefore remains able to properly exercise its stewardship responsibilities.
Wellington	No	Wellington subscribes to the research services of Glass Lewis & Co. and ISS. They also subscribe to the Viewpoint voting platform provided by Glass Lewis & Co. to facilitate electronic receipt and execution of ballots.

Examples of significant votes cast

Manager	Significant votes cast	Rationale/ Comment
CCAM	CCAM voted for appointing a director	CCAM's view is that a strong board is essential for good governance
Crake	Crake voted against approving a remuneration policy	Crake view was that "the incentive framework did not have enough performance conditions (25% of the long-term incentive awards were not subject to performance targets) and was needlessly complex with six active incentive programmes. There are generous vesting and pay-out provisions for Executive Directors upon a change of control and termination of good leavers. In the event of a change of control, Executive Directors would be eligible to receive excessive payments which include a lump sum equal to 200% of fixed pay and the average of the two prior years' annual bonus, together with a further pro-rated bonus for the year in which the change of control is triggered. And in the event of a no-fault termination, LTI performance shares will vest in full, regardless of whether performance conditions have been met. All of the above are against best practice."
Egerton	Egerton voted with a shareholder proposal for a climate assessment report, against the recommendation of management.	Egerton's view was that a vote against management was justified on the grounds of ESG consideration
Invesco GTR	Vote in line with manager recommendations to "Authorize Board to Exclude Pre-emptive Rights from Share Issuances"	Invesco's view is that "A vote for this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration."