

Benenden Healthcare Pension Plan - Implementation Statement for 2019 DB Regulations

Statement of Compliance with Benenden Healthcare Pension Plan's Stewardship Policy for the year ending 31 March 2024

Introduction

This is the Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustees have complied with the Stewardship Policy of the Benenden Healthcare Pension Plan (the "Plan") during the period from 1 April 2023 to 31 March 2024.

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Plan's assets which includes the Trustees' approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Plan's Stewardship Policy is reviewed regularly in line with the Plan's Statement of Investment Principles (SIP). The SIP was formally reviewed during the reporting period, with changes made following the Plan's investment strategy review. Further, the SIP was updated to reflect a series of changes to the Trustees' policies, including but not limited to the Trustees' approach to monitoring the stewardship activities of its investment managers. As part of this update, the Stewardship Policy (as outlined in the SIP available [here](#)) was agreed.

The Trustees monitor their compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Plan's Stewardship Policy over the year ending 31 March 2024.

The Trustees also aim to meet with their investment managers on an annual basis, with the focus of these meetings being on stewardship and engagement issues. During these sessions, the Trustees, with assistance from their investment advisor Hymans Robertson LLP, may challenge managers on their stewardship practices or any other significant issues.

Voting activity

The Trustees seek to ensure that their managers are exercising voting rights and, where appropriate, seek to monitor managers' voting patterns. The Trustees also monitor investment managers' voting on particular companies or issues that affect more than one company.

The Trustees have investment in equity assets through several different mandates. Over the Plan year the Trustees fully disinvested from the Schroders Life Diversified Growth Fund and BNY Mellon Return Fund. An allocation to the Nordea Diversified Return Fund was introduced in October 2023. The Trustees' investment managers have reported on how votes were cast in each of these mandates as set out in the table below.

Fund name	Schroders Life Diversified Growth Fund (1 April 2023 – 17 May 2023)
Proportion of Scheme assets (as at 31 March 2024)	0.0% (13.8% as at 1 April 2023)
No. of meetings eligible to vote at during the period	385
No. of resolutions eligible to vote on during the period	5,937

% of resolutions voted	90.7%
% of resolutions voted with management*	86.4%
% of resolutions voted against management*	10.4%
% of resolutions abstained*	1.0%
% of meetings with at least one vote against management	63.0%

Note: *Figures do not sum to 100%. 79 votes were withheld, due to the holding period being less than one year.

Fund name	BNY Mellon Real Return Fund (1 April 2023 – 19 October 2023)
Proportion of Scheme assets (as at 31 March 2024)	0.0% (14.1% as at 1 April 2023)
No. of meetings eligible to vote at during the period	69
No. of resolutions eligible to vote on during the period	1,101
% of resolutions voted	99.3%
% of resolutions voted with management	92.2%
% of resolutions voted against management	7.8%
% of resolutions abstained	0.0%
% of meetings with at least one vote against management	46.4%

Fund name	Nordea Diversified Return Fund (23 October 2023 – 31 March 2024)
Proportion of Scheme assets (as at 31 March 2024)	9.5%
No. of meetings eligible to vote at during the period	171
No. of resolutions eligible to vote on during the period	2,069
% of resolutions voted	99.9%
% of resolutions voted with management	83.3%
% of resolutions voted against management	16.7%
% of resolutions abstained	-
% of meetings with at least one vote against management	68.4%

Significant votes

The Trustees have asked their managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustees. Managers were asked to explain the reasons why votes they identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. Voting activity pertains to the diversified growth funds held by the Plan during the reporting period. From the managers' reports, the Trustees have identified the following votes as being of greater relevance to the Scheme:

Schroders (1 April 2023 – 17 May 2023)

Date	Company	Subject	Manager's vote, rationale and outcome
18 April 2023	Bank of Montreal	Governance - Advisory Vote on Executive Compensation Approach	Against – Concerns about metrics. Schroders did not agree with the duplication of metrics across different awards. Outcome of the vote - Against
09 May 2023	Danaher Corporation	Governance - Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	For - Shareholders could benefit from increased transparency on the effectiveness of company's diversity, equity, and inclusion programs, and understand better how the company is positioning itself to realise the benefits of a diverse workforce. Schroders believe that how it voted is in the best financial interest of its clients' investments. Outcome of the vote – Against
17 May 2023	Chubb Limited	Governance – Report on Human Rights Risk Assessment	For - Schroders encourage the company to disclose information about its human rights due diligence process, and therefore supported this proposal. Schroders believe this is in the best interests of shareholders and clients. Outcome of the vote – Against

*Voting data provided above covers the invested period during the reporting year.

BNY Mellon (1 April 2023 – 19 October 2023)

Date	Company	Subject	Manager's vote, rationale and outcome
11 May 2023	Universal Music Group NV	Governance – Approve remuneration report.	<p>Against – BNY Mellon voted against executive remuneration arrangements due to their view of misalignment between pay and performance. In addition, they believed there were inadequate disclosures around the quantum of pay and thresholds, targets, or the overall cap being used for variable pay outcomes. In their view this made it difficult to assess the robustness of the pay structure and establish the link between pay and performance.</p> <p>Outcome of the vote – Against</p>
23 May 2023	Shell Plc	Environmental - Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.	<p>Abstain – BNY Mellon abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. While BNY acknowledge the argument, they view voting in favour of this resolution can be considered as overstepping on management's prerogatives in strategy setting. However, BNY Mellon have abstained in line with the views that the current transition plan merits more robust 2030 goals in order to gain credibility.</p> <p>Outcome of the vote – Against</p>
18 May 2023	NextEra Energy, Inc.	Governance - Disclose Board Skills and Diversity Matrix	<p>For – BNY Mellon supported this shareholder proposal requesting the disclosure of a board skills and diversity matrix as BNY Mellon believe it would help shareholders to assess how the company is managing related risks.</p> <p>Outcome of the vote – For</p>

Nordea (23 October 2023 – 31 March 2024)

Date	Company	Subject (theme and summary)	Manager's vote, rationale and outcome
7 December 2023	Microsoft Corporation	Governance – To report on tax transparency in line with shareholder proposal.	<p>For – Nordea voted for the shareholder proposal as they believed the proposed GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally.</p> <p>Outcome of the vote – Against</p>
7 December 2023	Microsoft Corporation	Governance – To report on Risks of Operating in Countries with Significant Human Rights Concerns.	<p>For – Nordea voted for the shareholder proposal since they believed increased disclosure regarding how the company is managing human rights-related risks in high-risk countries helps investors in their assessment of the company.</p> <p>Outcome of the vote - Against</p>

Nordea's significant votes related to voting for shareholders' proposals on reporting and transparency, BNY Mellon's significant votes mainly related to voting against management for remuneration plans, emissions reduction targets, and board diversity, and Schroders's significant votes mostly related to executive compensation, diversity, equity, and inclusion, animal welfare, and human rights.

Manager engagement activity

The Trustees receive reporting from all managers on their engagement activity. The following table summarises the key engagement activity for the 12-month period ending 31 March 2024.

Manager	Number of engagements	Topics engaged on
Schroders*	14	Climate change, modern slavery, executive remuneration, deforestation, human rights, diversity and inclusion and emissions reduction.
BNY Mellon	152	Climate change, remuneration, risk management, human capital management, natural resource use/impact, human and labour rights.
Nordea	120	Pollution and waste, human and labour rights, climate change, reporting quality, and conduct, culture and ethics.
CQS	88	Climate change, pollution and waste, reporting (e.g. audit, accounting, sustainability reporting), and human capital management.
Payden	172	Climate change, natural resource use and impact, inequality, pollution and waste, and human capital management.

Note: *The number of engagements reported above for the Schroders Diversified Growth Fund are the number of examples where the manager has engaged on ESG topics.

The managers carried out 546 engagements with companies over the year ending 31 March 2024. Engagements primarily focused on climate change, pollution and waste, natural resource use and impact, human capital management, and human labour rights. The main methods of engagement were management meetings, investor forums and private collaboration with other investors.

Use of a proxy adviser

The Trustees' investment managers have made use of the services of the following proxy voting advisors over the Scheme year:

Manager	Proxy Advisor used
Schroders	Glass Lewis
BNY Mellon	ISS
Nordea	ISS/NIS/Glass Lewis

*For Nordea, proxy advisors ISS/ NIS merged in 2021. During 2023, Glass Lewis was also added to the list of external vendors but is mainly used for analytical inputs.