

Mount Charlotte Thistle Hotels Retirement Benefits Scheme Implementation Statement – 30 April 2025

Why have we produced this Statement?

The Trustees of the Mount Charlotte Thistle Hotels Retirement Benefits Scheme have prepared this statement to comply 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 voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustees' investment objective and investment strategy.

It also explains how and why the Trustees delegate certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

The Trustees last reviewed the SIP in January 2024.

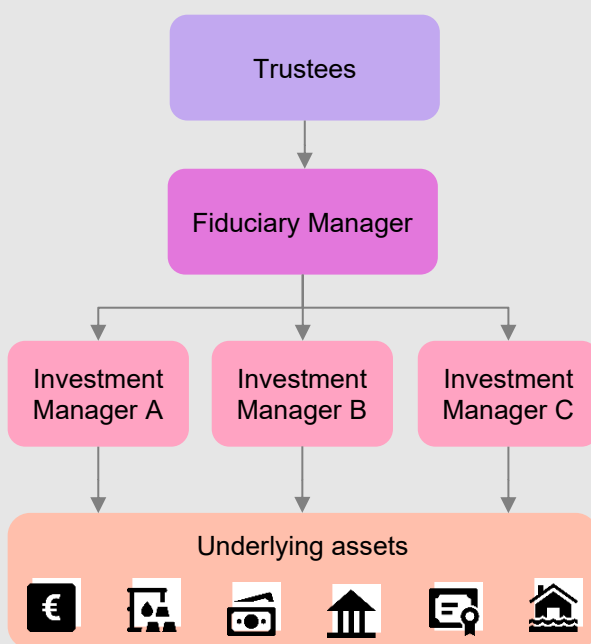
What is the purpose of this Statement?

1. To explain how the Trustees' engagement policy has been applied over the year.
2. To describe the voting rights attached the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

There were no changes made to the SIP over the year.

How are the Scheme's investments managed?



Trustees - The Trustees' key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustees retain overall responsibility for the Scheme's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustees employ a Fiduciary Manager to implement the Trustees' investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustees believe voting and engagement is important?

The Trustees' view is that Environmental, Social and Governance (ESG) factors can have a potential impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustees further believe that voting and engagement are important tools to influence these issues.

The Trustees have appointed a Fiduciary Manager who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustees incorporate an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What are the Trustees' voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustees expect investment managers to address broad ESG considerations, but has identified climate change, biodiversity and diversity and equity and inclusion as key areas of focus for the Trustees.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustees expect investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustees expect the Fiduciary Manager to engage with investment managers to improve their processes.

What are the Fiduciary Manager's policies?

Climate change and net zero goal

The Trustees believe Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustees).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives.

Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2024 the Fiduciary manager conducted engagements with over 70 managers across asset classes. They also engaged over 100 products on sustainability and stewardship. In addition, over 150 sustainability-theme strategies were researched.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis.

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Infrastructure manager Environment – Climate Issue

Issue: The manager discussed the current Situational Analysis, Forecasting, and Engagement (SAFE) Transition Methodology given some questions on alignment of certain stocks.

Outcome: This manager has produced an emissions abatement analysis to determine the baseline emissions of companies and understand their progress in meeting their net zero targets. Positively, the majority of the 20 high-emitting companies have made strong progress on their targets. Whilst one company reported higher emissions than the baseline due to higher utilization rates, it has implemented initiatives to reduce emissions overall.

The manager is continuously monitoring its constituents through the emissions abatement analysis and its "SAFE" transition methodology framework to ensure companies are making progress on their targets. The SAFE framework classifies each stock as 'Secure', 'Aligned', 'Transforming', and 'Vulnerable'. 'Transforming' and 'Vulnerable' companies are analysed further for stranding risk and are engaged with through a staged escalation process, where ultimately divestment would occur if companies do not deliver results within a reasonable timeframe.

The Fiduciary Manager have asked the manager to include changes in company ratings from the SAFE framework to be included in annual reporting. We continuously monitor the evolution of the SAFE framework.

Illiquid Credit manager General ESG Issue

Issue: Engaged with manager on diversity, equity and inclusion (DEI) to address equitable recruitment, talent development, and having a formal diversity, equity, and inclusion policy

Outcome: The fiduciary manager have engaged with the Chief Resources Officer who is in charge of DEI policies.

Core Structured Credit manager Environment – Climate Issue

Issue: The manager has not yet produced asset-level climate reports for the fund, which is a minimum requirement for Sustainable Investment. The Fiduciary Manager has engaged with the manager to initiate the production of these reports.

Outcome: The Fiduciary Manager has engaged with both the investment team for the fund and the investor relations team through in-person meetings, phone calls, and emails. Where necessary, the Fiduciary Manager have urged the investment team to consider proxied carbon emissions for underlying assets when actual carbon emission data is not readily available.

The Fiduciary Manager will continue to collaborate with the manager as they work towards producing the initial climate reports for the fund. The next step involves taking the collected data and generating comprehensive written report.

What are the voting statistics we provide?

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustees used the following criteria to determine the most significant votes:

- Trustees' stewardship priorities (climate change, biodiversity and diversity and equity and inclusion)
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

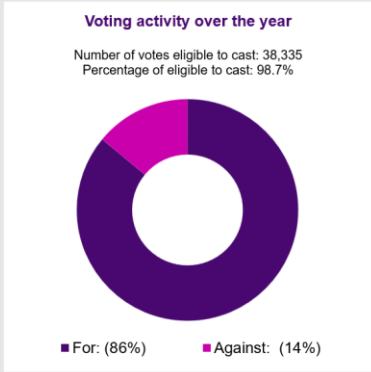
The Scheme is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustees have decided not to publicly disclose active investment manager names as the Trustees believe this could impact the investment manager's ability to generate the best investment outcome.

In conclusion...

The Trustees are satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement

Core Diversified Fund

Voting activity over the year



Significant vote

Company: Amazon.com, Inc

% Fund: 0.8%

Vote topic: Disclose all material scope three greenhouse gas emissions

Issue: The shareholder proposal promotes better management of social, environmental and ethical opportunities and risks.

Voting instruction: For shareholder proposal, against management

Prior communication of against vote: No

Outcome: Failed the resolution

Why a significant vote? Climate change is one of the stewardship priorities.

Next steps: None to report

Significant vote

Company: Visa Inc.

% Fund: 0.5%

Vote topic: Report on Gender-Based Compensation and Benefits Inequities

Issue: Shareholder proposal promotes transparency on equal pay and benefits for equal work, regardless of gender identity or other protected characteristics

Voting instruction: For management, against shareholder proposal

Outcome: Failed the resolution

Why a significant vote? Large holdings in the portfolio and votes are considered "significant" where an engagement is associated with the vote.

Next steps: None to report

Voting policy: As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.