

# HUNT'S FOODSERVICE LIMITED PENSION AND LIFE ASSURANCE SCHEME



## Hunt's Foodservice Limited Pension & Life Assurance Scheme Implementation Statement for the year ended 31 December 2022

### Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Hunt's Foodservice Limited Pension & Life Assurance Scheme (the "Scheme") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 December 2022 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

### The Trustees' policy on Environmental, Social and Governance ("ESG") issues

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to Aviva, the Scheme's investment manager. The Trustees require Aviva to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to Aviva and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

### Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

### Ongoing governance

The Trustees monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

### Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

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## Voting activity

The main asset class where investment managers will have voting rights is equities. The Scheme has exposure to equities through its investment in a 'With Profits' fund held with Aviva. Aviva has provided the following summary of its voting behaviour and most significant votes cast in relation to this fund. With regard to "significant votes", the Trustees have selected a subset of the list of votes provided by Aviva for inclusion in this statement.

### Voting key statistics

Over the 12-month period to 31 December 2022, Aviva voted on 97.3% of resolutions of which they were eligible out of 11,496 eligible votes.

### Policy on consulting clients before voting

The following wording has been provided by Aviva in regard to their policy:

*"Whilst we do not consult clients ahead of each vote (given the significant practical challenges this will create), we are always keen to understand client views on particular issues / companies and are happy to provide details of how we voted after the event. We have also been involved in a pilot enabling end investors to have a voice and be empowered to be part of the voting process. More broadly, we have been working with our client experience project team and we are going to institutionalise a standard question asking clients about their stewardship preferences and priorities. This will be invaluable in shaping our voting policy and engagement plans to continue to meet client aims and expectations."*

*"There may also be occasions where voting exceptions have been specifically agreed with our clients in segregated funds, but generally we retain responsibility for ensuring voting is carried out in a manner consistent with their own approach to stewardship. If a pooled fund investor asked us to vote a certain way, we would not be able to do this unless it was consistent with our view / the vote direction was in the best interests of all investors in that fund."*

*"We may also contact clients if there is a conflict of interest situation - for example, in relation to the exercise of voting rights for shares in our parent company Aviva plc (our default position is not to vote these holdings as Aviva Investors will exercise no discretion)."*

### Process for deciding how to vote

The following wording has been provided by Aviva in regard to their process:

*"Voting decisions are based off our Voting Policy which is reviewed on an annual basis and updated subject to Board approval. Final decisions are made by the Stewardship function (i.e ESG analysts) in conjunction with portfolio managers who inform the decision making process by bringing their knowledge and assessment of company strategy and any special circumstances."*

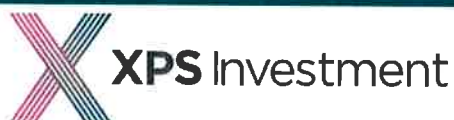
*"To support us in making voting decisions, we use governance and other research from a number of sources. These include the Investment Association's IVIS service and ISS. We use research for data analysis only and we do not automatically follow any voting recommendations."*

*"Given the number of companies we own in our portfolios (including index funds), we seek to prioritise engagement by size of holding and where it is most likely to benefit our clients. This allows us to consider additional context from the company which occasionally results in us changing a vote. In addition, every year we write to the large majority of the companies we hold to notify them of our voting policy (highlighting any changes we have made), and also direct them to our voting records, where they are able to see how we have voted at their AGMs etc and our reasons for not supporting any resolutions."*

*"As can be seen from our voting records, we have a strong record of opposing resolution and holding boards to account. We maintain a database to record our voting and engagement with companies which allows us to review the effectiveness of our work. For our priority engagements our intention is to review these on a quarterly or half yearly basis."*

*"There will be times when, despite engagement with companies, our concerns have not been adequately addressed. Under these circumstances, the matter may be escalated into a more focused project of intervention aimed at securing changes to the board, management, practices or strategy. As part of our escalation process, we may ask to discuss issues with executive and/or non-executive directors, work with other institutions and investors to press for change or exercise our voting rights against the board. As a last resort we may requisition a general meeting of a company or a resolution at an*

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Annual General Meeting, or support others who are doing so. We may also make public statements where we believe this is appropriate. However, we expect this to happen only in the most extreme cases."

## Process for determining the "most significant" votes

The following wording has been provided by Aviva in regard to their process:

"We looked at a number of criteria for the list of votes undertaken for the fund including: the impact on the company (both short and long term) if the resolution was or wasn't approved; the materiality of the shareholder resolutions; the level of public and / or media interest in certain companies and resolutions; and how significant the holdings are in relation to the fund and to Aviva Investors (acknowledging that the larger the aggregate / percentage holding, the more ability we have in affecting change). It is evident in some of the votes selected that these reflected multiple criteria explained above, but it is important to note that this the selection process was quite subjective."

## Use of proxy voting systems

The following wording has been provided by Aviva in regard to their use of proxy voting systems:

"We subscribe to proxy advisory services for independent research and recommendations including recommendations based on our own policy (where certain resolutions will be referred to us for further consideration). These providers include the IVIS service, ISS-Ethix and MSCI. We use research for data analysis only as we have our own robust voting policy, which is applied to all our holdings. We also take into consideration the views of the fund manager and the conversations with the company through our voting specific engagement."

## Significant votes during the period

The below table sets out a sample of "significant votes" cast by Aviva over the 12-month period to 31 December 2022. Please note within the following voting data reference to 'I'/'We/Our' is reference to the Aviva directly and not to the Trustees.

Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
TELEFONAKTIEBOLAGET LM ERICSSON (Ericsson)	Resolution 8.3.g. Approve Discharge of CEO Borje Ekholm	Against	The resolution was approved (24.9% of the votes were against his re-election)
We voted against the discharge of the CEO (and numerous other senior directors, including the Chair, Vice chairs and members of the audit and compliance committees) given the controversies linked to potential payments to terrorist organisations, the lack of oversight of compliance with the agreement with U.S authorities and insufficient transparency with regards to recently published allegations.			
CREDIT SUISSE GROUP AG	Shareholder resolution to Amend Articles Re: Climate Change Strategy and Disclosures	For	The resolution was not approved (22.8% of the votes cast were in favour of the resolution)
We are supportive of the company's Ambition to Action Report and its five aims to achieve Net Zero. We have had ongoing engagement with the company in relation to its climate strategy and approach to Net Zero. We will continue this engagement with a specific focus on its Net Zero approach, improving its scope 3 disclosure and what impacts the company's goals will have on its trajectory for absolute emissions.			

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WOODSIDE PETROLEUM LTD	Resolution 9. Approve Climate Report	Against	The resolution was approved (51% of votes cast were in support)
We did not support the company's advisory say-on-climate vote. The company's new oil and gas developments may not lead the company to be on track to being aligned to the Paris Agreement. There is an absence of disclosure of tangible Scope 3 targets in the company's disclosed plans, and there is no future date disclosed when the company intends to submit its climate plans to shareholders in addressing short-comings and progress on targets and strategies.			
TOTALENERGIES SE	Resolution 16. Approve Company's Sustainability and Climate Transition Plan	Abstain	The resolution was approved (88.9% of votes cast were in support)
<p>We note and commend recent steps to evolve and strengthen TotalEnergies' climate change disclosure and action, as noted in its Sustainability and Climate report 2022. The company has responded to feedback and committed to reduce by 30 percent scope 3 GHG emissions from oil production by 2030 and more clearly defined its strategic plan to substantially improve its energy mix towards a lower-carbon environment by 2030. We also note its firm commitment to significantly increase its share of CAPEX related to renewable and low- carbon technologies and the inclusion of a new criterion in its 2021 LTIP related to the evolution of indirect GHG emissions from customers' use of energy products (Scope 3) in Europe. Climate governance has further been strengthened with the approval of a "continuing training program relating to the climate for directors" in 2021 that will be rolled out in 2022. It will include the Climate Fresco (a scientific, collaborative and creative workshop designed to raise awareness of climate change and in particular its causes and consequences), as well as various climate-related modules.</p> <p>However, an abstention was warranted on this occasion as we still lack conviction that current disclosure of targets and emissions meet the goal of limiting global warming to 1.5 degrees, particularly when benchmarked to certain peers. In terms of key areas to see improvement, we are looking for TotalEnergies to set out more rigorous specific absolute scope 3 targets covering its global business activities (including quantifiable emissions reduction before FY30); a clearer roadmap on how it plans to evolve its energy mix beyond 2030 until 2050, clearly evidence how it will reach the 2050 forecast energy mix aligned with the 2050 IEA net zero energy mix; disclose estimated methane emissions figures connected to JVs (given the impact that global methane emissions have on atmospheric temperature rises); and to demonstrate a more transparent and constructive culture of engagement as the board's rationale for not including the draft shareholder resolution filed (seeking to ensure alignment of its short, medium and long-term emission reduction targets with a 1.5C scenario) in its AGM agenda (as it contravened French legal rules setting the prerogatives of the Company's governance bodies) is not considered compelling enough and inhibitive to constructive shareholder dialogue. The company's progress will continue to be kept under review.</p>			
COMPAGNIE FINANCIERE RICHEMONT SA	Item 5.2. Reelect Josua Malherbe as Director	Against	The resolution passed (83.1% of votes were cast in support)
There are a number of concerns related to board composition, especially the lack of directors who can be considered independent. We could not support the election of this director as he is non-independent, and remained as the chair of the audit committee, which should be entirely dependent. We also held him accountable for audit concerns, particularly as the company has not changed external auditors since 1993.			

Signed: [Signature] Chair of Trustees

Date: 5/7/23