

CANADIAN PACIFIC COMPANIES (EUROPE) PENSION PLAN

IMPLEMENTATION STATEMENT

The Trustees have followed their Statement of Investment Principles approach to voting and engagement over the year to 31 December 2020 and expect this to have positively contributed to the Plan's performance. The Trustees have appointed River and Mercantile Investments Limited ("RAMIL") as fiduciary manager to manage the Plan's assets. River and Mercantile Group, of which RAMIL are a division, are a PRI signatory and were rated A+ by PRI in 2019 for their Strategy and Governance. To ensure all relevant voting and engagement is covered, this statement includes information on both the fiduciary manager's voting and engagement record as well as those of the underlying managers. Where proxy voting agents have been used, this has been included in the voting information.

This statement of implementation has been completed over the year to 31st December 2020 and where applicable, underlying managers have provided examples of engagement.

Alternatives

The alternative nature of these funds means investments tend not to be in listed equities and as such, voting is not relevant.

Leadenhall Life

- Significant company engagements that were successful over the past 12 months:
 - As an example, the Manager has recently engaged with a German hybrid insurer/reinsurer on its strength of their ESG support by each pillar as part of its Operational Due Diligence process.
 - On an environmental standing it was particularly sound; its parent group majority investor is a signatory to the UN PRI. Their investment screening process removes the risk of investments that they may make falling afoul of shared environmental goals. They also have an active disclosure of the carbon footprint in their financials and extensive section of their website describing their underwriting and investment policies with regard to sustainability.
 - Life insurance in general is a socially beneficial service so the Firm has a particular interest in seeing that their investments stand up to scrutiny here. The firm in particular queried turnover and training policies and the hybrid insurer/reinsurer invests heavily in people resources with training officers an important part of development, maintaining a high employee retention as a result (<20% turnover per annum). They also reviewed the company's corporate volunteering commitment to establish that this was part of their corporate culture. This also related to a high degree of commitment to the arts and culture.
 - Insurance is a highly regulated business and we reviewed the parties' regulatory framework for both prudential and behavioural oversight. The hybrid insurer/reinsurer is regulated for behaviour but not prudential oversight and in this case had minimal regulatory findings under their last regulatory audit which was shared with us. A further detailed review of the decision-making authority, organisation chart, and framework for operational risk governance and internal audit was conducted. They also shared their own internal audit findings. Leadenhall concluded the firm had solid risk accountability.
- Example of a company engagement that stalled or did not work out as expected over the past 12-months, and how the firm was able to respond to this:
 - In one instance Leadenhall were offered the opportunity to lend to a vehicle against the Embedded Value of a targeted insurance acquisition. The deal team brought the proposition to internal committee for discussion and was rejected in part because of potential governance issues. (One of the Principals in the vehicle had been previously involved in a failed entity).

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IMPLEMENTATION STATEMENT (continued)

- How the Firm's ESG process has evolved over the past 12 months:
 - All EU-based open ended funds managed by Leadenhall Capital Partners ("Leadenhall") have been categorised as being investment products which promote environmental and social characteristics in accordance with the criteria recently set out in Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR") in the EU.

Cash

BlackRock – ICS Institutional Sterling Liquidity Fund

Due to the nature of this Fund's investments it does not utilise vote proxies.