



**Canadian Pacific Companies
(Europe) Pension Plan**

31 December 2022

Implementation Statement

May 2023

Schroders' Solutions Disclaimer:

The Implementation Statement is a regulatory requirement under the 2018 changes to the Occupational Pension Schemes (Investment) Regulations 2005. It is important that the Trustees of the Plan understand and consider financially material Environmental, Social and Governance ("ESG") factors and consider its own stewardship obligations. A failure to do this puts the Trustees at risk of breaching your legal duties.

This is a Trustee document and the Trustees must review the Implementation Statement draft, provided by its investment adviser, and confirm that they have considered the content prepared and reviewed any associated documentation such as voting policies.

1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the Canadian Pacific Companies (Europe) Pension Plan (the “Plan”) in relation to the Plan’s Statement of Investment Principles (the “SIP”).

The SIP has been amended better reflect a previous buy-in with an insurer.

This SIP came into force from December, 2021.

A copy of the current SIP signed and dated 31, December, 2021 can be found here <https://group.accor.com/en/legal-information>.

This Implementation Statement covers the Plan year from 1 January 2022 to 31 December 2022 (the “Plan Year”). It sets out:

- How the Trustee’s policies on exercising voting rights and engagement have been followed over the Plan Year; and
- The voting by or on behalf of the Trustees during the Plan Year, including the most significant votes cast and any use of a proxy voter during the Plan Year.

A new set of guidance (“the Guidance”) from the Department for Work and Pensions (“DWP”) has been issued with a series of statutory & non-statutory requirements. They aim to encourage the Trustees of the Plan to properly exercise their stewardship policy including both voting and engagement which is documented in the Plan’s SIP. This Implementation Statement has been prepared to provide the details on how the Trustees of the Plan, with the help of the Plan’s Fiduciary Manager, has complied with the new statutory requirements set by DWP.

A copy of this Implementation Statement is available on the following website: <https://group.accor.com/en/legal-information>.

2. How the Trustee’s policies on exercising voting rights and engagements have been followed over the Plan Year.

The Trustees retain the Fiduciary Management¹ service of **Schroders IS Limited**, formerly known as **River and Mercantile Investments Limited**, as their Investment Manager and Adviser (it is referred to as the "**Fiduciary Manager**" in the Implementation Statement). The Fiduciary Manager can appoint other investment managers in respect of underlying investments (these are referred to as "**Underlying Investment Managers**"). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

¹The Fiduciary Manager was acquired by Schroders Group on 1 February 2022.

The Plan invests in assets with voting rights attached, and other assets with no voting rights. The Trustee’s policies on exercising voting rights and engagement are set out in the SIP. A copy of the Plan’s SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustee’s investment policies when providing Fiduciary Management services. However, given the investments with the Underlying Investment Managers are generally made via pooled investment funds, where the Plan’s investments are pooled with those of other investors. With these funds, the direct control of the process of engaging with the companies that issue the underlying securities lies with the Underlying Investment Manager who may have different engagement priorities than the Trustee’s.

Therefore, the Trustees require that the Fiduciary Manager considers the stewardship activities which include voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, when choosing new or monitoring existing Underlying Investment Managers. The Trustees believe it is appropriate to delegate the decision of appointing and monitoring Underlying Investment Manager to the Fiduciary Manager who will be able to influence the Underlying Investment Manager’s voting and engagement policies. Therefore, the Trustees can largely exercise their stewardship policy set out in the Plan’s SIP.

The Trustees have aligned its engagement priorities with the Fiduciary Managers’ given the Trustees believe the Fiduciary Manager’s engagement themes are issues which are material to the long-term value of the investments. The Trustees believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Plan. These issues also reflect expectations and trends across a range of stakeholders and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately will maximise the value addition to the Plan’s investment hence benefit the Plan’s members and beneficiaries. will ultimately benefit the Plan’s members.

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On behalf of the Trustees, monitoring of voting and engagement policy by Underlying Investment Managers in relation to the Plan's investments was also carried out by the Fiduciary Manager through regular investment and operational due diligence meetings with the Underlying Investment Managers. In addition, the Trustees with the help of the Fiduciary Manager, monitors the performance of the Underlying Investment Managers against the agreed performance objectives at Trustee meetings held during the Plan Year.

Following activity during the Plan Year and by preparing this Implementation Statement, the Trustees believe they have acted in accordance with the Statement of Investment Principles over the Plan Year.

3. Voting and Engagement Summary

The process for exercising voting rights and engaging with the managers of assets held on behalf of the Plan is as follows:

- 1) Engagement and the exercise of voting rights which have been aligned to the Fiduciary Manager

The Fiduciary Manager exercises voting rights with the Underlying Investment Managers on behalf of the Trustees in line with its voting policy. This policy sets out how the Fiduciary Manager will aim to vote at a general meeting of a pooled fund.

- 2) The Underlying Investment Managers exercise voting rights in the underlying securities and engages with the company issuing the security in line with the policies which may have been influenced by the Fiduciary Manager.

The Trustees have considered the voting statistics and behaviour with engagement activity that took place on their behalf during the Plan Year.

Specifically, the Trustees noted that:

- The Fiduciary Manager continues to carry out a high level of engagement activities with the Underlying Investment Managers and some progress has been achieved such that the Underlying Investment Managers' ESG credentials have improved over the Plan Year.

The Trustees are satisfied that the voting and engagement activity undertaken by the Fiduciary Manager and Underlying Investment Managers was in line with the Trustee's policies contained in the SIP which will be further updated in the new Plan Year.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf

DB Portfolio (note excludes insured assets).

The Trustees have followed the SIP's approach to voting and engagement over the year to December 2022. The Trustees have appointed Schroders Solutions Limited ("SISL") as fiduciary manager to manage the Plan's assets. Schroders IS Limited, of which SISL 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.

Due to constraints around underlying management reporting periods which are compiled at quarter end, this statement of implementation has been completed over the year to 31 December 2021 and where applicable, underlying managers have provided examples of engagement.

DB Assets - Alternatives

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

DB Assets - Cash