

# Historic Royal Palaces Pension Scheme ('Scheme')

31 March 2025 Implementation Statement

July 2025



**Schroders' Solutions Disclaimer:**

The Implementation Statement is a regulatory requirement under the 2019 amendments to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. It is important that the Trustee of the Scheme understand and consider financially material Environmental, Social and Governance ("ESG") factors and consider its own stewardship obligations. A failure to do this puts the Trustee at risk of breaching its legal duties.

This is a Trustee document, and the Trustee must review the draft Implementation Statement provided by its investment adviser/Fiduciary Manager and confirm that it has considered the content prepared and reviewed any associated documentation, such as voting policies and engagement examples.

This document contains, from p3 onwards, the text that we suggest you use for your Implementation Statement. You are welcome to make this text your Implementation Statement, or change it completely, without recourse to us.

(You are also welcome to include a version of this cover page as the front page of your Implementation Statement if you like; but, if you do, you must remove the Schroders name and logo from it.

The key point is that an implementation statement is a *Trustee* document. Whatever text is used, the Trustee owns it, so it must not go out under the Schroders name.

# 1. Introduction

The Trustees are required to make publicly available online a statement (“the Implementation Statement”) covering the Historic Royal Palaces Pension Scheme (the ‘Scheme’) in relation to the Scheme’s Statement of Investment Principles (the “SIP”).

The SIP was amended during the year ending 31 March 2025 to reflect the full redemption from the Scheme’s legacy illiquid property holding. This SIP came into force from 17 April 2024 and can be found here: [HRP SIP 17 April 2024](#)

This Implementation Statement covers the period from 1 April 2024 to 31 March 2025 (the “Scheme Year”). It sets out:

- How the Trustees’ policies on stewardship have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustees during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year

The latest guidance (“the **Guidance**”) from the Department for Work and Pensions (‘**DWP**’) aims to encourage the Trustees of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme’s SIP. With the help of the Scheme’s Fiduciary Manager, to whom the Trustees delegated the implementation of their Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustees have complied with the DWP’s statutory guidance.

The Trustees use the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (referred to as the ‘**Fiduciary Manager**’ in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as ‘**Underlying Investment Managers**’) to manage part of the Scheme’s assets, and investments with these managers are generally made via pooled funds, where the Scheme’s investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website: <https://schemes.vidett.com/historic-royal-palaces-pension-scheme/>

## 2. How the Trustees' policies on stewardship have been followed over the Scheme Year

As described in the SIP, the Trustees' approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustees take responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustees' priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustees' investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schrodgers' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Fiduciary Manager has chosen **Climate Change, Natural Capital & Biodiversity**, and **Human Rights** as its focus for the stewardship actions it performs on behalf of the Scheme. The Trustees expect that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. The Trustees have aligned their engagement priorities with the Investment Manager's, with an additional focus on **Diversity and Inclusion** given its alignment with the Sponsor's priorities. The Trustees will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as "*the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society.*" Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustees encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustees' stewardship policy, the Trustees reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustees to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. In addition, the quarterly report also includes stewardship activities including both voting and engagement the Fiduciary Manager carried out on behalf of the Trustees. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustees are satisfied that the stewardship policy outlined in the SIP has been implemented well over the year, with the Fiduciary Manager taking the Trustees' stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- The Fiduciary Manager continue to integrate ESG and climate factors via MSCI and SustainEx scores and apply exclusions to our core equity offerings during the security selection process as per the Schrodgers Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Scheme's investments with the Trustees' stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth, Buy and Maintain and LDI portfolios.
- Working with the core active credit manager to enhance their mandate to have a specific climate transition focus. This involves the introduction of a net zero target at the strategy level.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.
- The Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.

- In addition to regular reporting, the Fiduciary Manager have developed our ESG reporting to include voting and engagement examples to the Trustees, facilitating a more regular review throughout the year of the Fiduciary Manager and Underlying Investment Managers' stewardship activities. In addition, the quarterly ESG reporting also includes "spotlight" pages to provide Trustees with ESG related hot topics and educational material such as ESG integration of asset classes.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.
- Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustees' behalf during the Scheme Year within the growth asset, buy and maintain credit and the liability hedging portfolios, the Trustees are pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with their stewardship policy.

Specifically, the Trustees noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme remains robust following the events during the Gilt Crisis of Autumn 2022. Moreover, the Fiduciary Manager provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

**Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustees believe that they have acted in accordance with the DWP Guidance over the Scheme Year.**

### 3. Voting During the Scheme Year

The Trustees have delegated responsibility for voting on their behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustees, in line with the Trustees' stewardship policy.

#### Voting by the Fiduciary Manager

Over the year to 31 March 2025, regarding clients' pooled fund investments<sup>1</sup>, the Fiduciary Manager voted on 78 resolutions across 13 meetings. The Fiduciary Manager voted against management on 0 resolutions (0% of total resolutions) and abstained on 11<sup>2</sup> resolutions (14.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

#### Voting by the Underlying Investment Managers

##### Most Significant Votes

The following criteria must be met for a vote to be considered 'significant':

1. Must relate to the **BNY Mellon (Schroder Solutions) Global Equity Fund**
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustees' stewardship priority themes

The **BNY Mellon (Schroder Solutions) Global Equity Fund** constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustees' stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog<sup>3</sup>. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustees have selected one vote relating to each of the priority themes that they deem most material to the long-term value of the investments. These votes are hereby defined as 'most significant votes', and as per DWP guidance, the Trustees have communicated this definition of 'most significant votes' to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

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<sup>1</sup>The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

<sup>2</sup>The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

<sup>3</sup>Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

**CLIMATE CHANGE** – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company’s commitment to support the goals of the Paris Agreement and the Norwegian Government’s expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to “specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals”. This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement’s most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders’ proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

**NATURAL CAPITAL AND BIODIVERSITY** - At the General Motors Company annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to “disclose the company’s policies on the use of deep-sea mined minerals in its production and supply chains”. This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is “working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made”. The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company’s position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company’s position on DSM but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders’ proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

**HUMAN RIGHTS** – At the JP Morgan Chase & Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report “outlining the effectiveness of JPMorgan Chase & Co.’s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.” Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E&S) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company’s ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

**DIVERSITY AND INCLUSION** – At the Exxon Mobil Corp. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution requesting an additional pay report on gender and racial basis. Proponents of the resolution highlight that racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. And since the United Kingdom and Ireland mandate disclosure of median gender pay gaps, Exxon Mobil already provides this information for United Kingdom employees, so investors should be able to expect the same level of disclosure for all employers. Schroders believe that reporting would better show structural issues around diversity and therefore believe that it is in the best financial interests of their clients. Management voted against this proposal as they argued that their annual “Investing in People” report goes beyond disclosing their EEO-1 data and therefore makes the proposal unnecessary. This shareholder proposal was unsuccessful, and so Schroders intend to engage with Exxon Mobil on the topic raised in this resolution as well as others over the coming year.

## Summary Voting Statistics

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 March 2025 for the most material funds held on behalf of the Trustees that had voting rights during the period.

Equity Funds	BNY Mellon (Schroder Solutions) Global Equity Fund	Morant Wright Fuji Yield Japanese Fund	FSSA All China Fund
Total meetings eligible to vote	<b>727.0</b>	<b>59</b>	<b>83</b>
Total resolutions eligible to vote	9,450	747	759
Of resolutions eligible to vote, % of resolutions voted on	<b>96%</b>	<b>100%</b>	<b>100%</b>
Of voted resolutions, % vote with management	86%	85%	94%
Of voted resolutions, % vote against management	<b>14%</b>	<b>15%</b>	<b>6%</b>
Of voted resolutions, % abstained	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	<b>12%</b>	<b>N/A</b>	<b>7%</b>

### Note:

- Schroders Investment Management (when exercising voting rights for the BNY Mellon fund) use Glass Lewis ("GL") for proxy voting services and receive ISS's Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of 'Abstain' is also considered a vote against management.

**The Trustees are satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustees believe that they have satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.**

## Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Fiduciary Manager and Underlying Investment Managers of the Scheme’s actively managed holdings can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	<a href="https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf">https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf</a> <a href="https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798_SC_Listed-Assets-Blueprint-Report-Digital_16_9_V12.pdf">https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798_SC_Listed-Assets-Blueprint-Report-Digital_16_9_V12.pdf</a>
Morant Wright	<a href="#">voting_policy_2023_0.pdf</a>
FSSA	<a href="https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html">https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html</a>
SCOR	<a href="#">SCOR IP Engagement Policy 052024 EN 0.pdf</a>
Neuberger Berman	<a href="https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&amp;name=Stewardship%20and%20Engagement%20Policy">https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&amp;name=Stewardship%20and%20Engagement%20Policy</a>
Oaktree	<a href="https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf">https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf</a>