

Heerema Retirement Benefits Scheme Implementation Statement for the year ended 31st December 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Heerema Retirement Benefits 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 31st December 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

During the reporting year, the Trustees agreed to restructure assets by selling out of all assets held in pooled investment vehicles and investing in a buy-in insurance policy. As at the end of the reporting year, the Scheme’s only assets are buy-in policies managed by an Insurance Provider, Aviva. The Trustees have no direct influence on the range of assets which support the payments due under the policy. The Insurance Providers will invest in an appropriate range of assets. The Trustees have delegated to the Insurance Provider the responsibility to make decisions in the long-term interests of the Scheme. The Trustees’ policy is documented in the most recent Statement of Investment Principles.

The Trustees’ updated policy

The Trustees have considered their approach to environmental, social and corporate governance (“ESG”) factors for the long-term time horizon of the Scheme and have agreed a policy where they do not believe there are financially material risk considerations relating to such issues. They therefore have no additional requirements for Insurance Providers to explicitly consider as part of their investment processes in relation to the selection, retention and realisation of investments, in this regard. However, the Trustees still delegate responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the Insurance Providers.

Manager and insurance provider 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, a selection exercise was undertaken to identify an insurance provider to underwrite the pension payroll of Scheme members in exchange for a one-off premium. This selection exercise resulted in Aviva being chosen to take on the Scheme’s assets via a buy-in bulk annuity policy arrangement.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the Insurance Provider from time to time, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this statement.

During the reporting year, the Trustees have not commissioned a report from XPS on the extent to which ESG considerations are incorporated into the investment processes of the Insurance Provider organisations appointed to the Scheme. The Trustees recognise that the level of ESG integration within the investment processes is dependent on the asset class in question.

Trustees will communicate their concerns with the relevant Insurance Provider organisations when, for example, they present at meetings.

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.

Voting activity

The main asset class where the investment managers will have voting rights is equities. During the reporting year the Scheme had specific allocations to both public and private equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

Schroders Diversified Growth Fund

Voting Information
Schroders Diversified Growth Fund
Not Provided
Investment Manager Client Consultation Policy on Voting
<p>In order to maintain the necessary flexibility to meet client needs, local offices of Schroders may determine a voting policy regarding the securities for which they are responsible, subject to agreement with clients as appropriate, and/or addressing local market issues. Clients in the UK will need to contact their usual client services person(s) on whether or not this is available for the type of investment(s) they hold with Schroders.</p>
Investment Manager Process to determine how to Vote
<p>Schroders evaluate voting issues arising at our investee companies and, where they have the authority to do so, vote on them in line with our fiduciary responsibilities in what they deem to be the interests of their clients. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention. Further information can be found in Schroders' Environmental, Social and Governance Policy for Listed Assets policy: https://www.schroders.com/en/sysglobalassets/global-assets/english/campaign/sustainability/integrity-documents/schroders-esg-policy.pdf</p>
How does this manager determine what constitutes a 'Significant' Vote?

Schroders consider "most significant" votes as those against company management.

Schroders are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if Schroders believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such votes against will typically follow an engagement and Schroders will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concerns with a company's performance Schroders may choose to vote against individuals on the board.

However, as active fund managers Schroders usually look to support the management of the companies that they invest in. Where Schroders do not do this they classify the vote as significant and will disclose the reason behind this to the company and the public.

Does the manager utilise a Proxy Voting System? If so, please detail

We receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into our voting decisions. In addition to relying on our policies we will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that our own research is also integral to our final voting decision; this will be conducted by both our financial and ESG analysts. For contentious issues, our Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We continue to review our voting practices and policies during our ongoing dialogue with our portfolio managers. This has led us to raise the bar on what we consider 'good governance practice.'

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Skandinaviska Enskilda Banken AB	The Bank shall Exclude Fossil Fuels as Investment Objects	Against	n/a
The company is being asked to exclude fossil fuels as investment objects. We support action on climate change, and agree that fossil fuel investments expose banks to climate-related financial risks. However, we do not support this proposal. This is because it makes no distinction between different types of fossil fuels and activities, their respective transition pathways and level of financing compatible with a net zero or 1.5 degree world. It could also undermine the efforts of those fossil fuel companies that are taking concrete steps to transition to a more sustainable business model. If the resolution had considered these points, or targeted fossil fuel companies that had not produced a Paris-aligned transition plan or set science-based targets within a certain amount of time, it would have been easier to support.			
The Goldman Sachs Group, Inc.	Report on the Impacts of Using Mandatory Arbitration	For	n/a

<p>The Board is being asked to oversee the preparation of a public report on the impact of the use of mandatory arbitration on Goldman Sachs' employees and workplace culture. Given the company has faced multiple allegations of discrimination and harassment in the past, and a number of large companies have decided to end "mandatory" arbitration policies, we would value greater transparency on this issue to help us better assess the risks associated with the company's approach. Therefore we support this resolution.</p>			
Royal Dutch Shell Plc	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	For	n/a
<p>The company is being asked to set and publish targets aligned with the goal of Paris Climate Agreement. The resolution asks for short, medium and long term targets on scope 1,2 and 3 emissions. We acknowledge elements of overlap between this resolution and that of the advisory vote on Company's Climate Transition Strategy. A vote for this resolution is given as whilst we praise the progress made by the company and the climate transition strategy reported, on climate targets specifically we support the ambition of this resolution with regards to Paris alignment and evolving best practice for the industry in terms of setting ambitious, absolute emissions reduction targets.</p>			
Amazon.com, Inc.	Report on Customers' Use of its Surveillance and Computer Vision Products Capabilities or Cloud Products Contribute to Human Rights Violations	For	n/a
<p>We voted for a similar resolution last year. The resolution this year differs slightly in that it specifically asks for an independent report on Amazon's customer due diligence process, to evaluate the extent to which surveillance or computer vision technologies may contribute to human rights violations. Given the negative media attention and lawsuits around the use of Rekognition software and its use by law enforcement, the use of the Parler app in the attack on the US Capitol and controversy around Ring video data an independent report would could provide investors with an assessment of the effectiveness of the company's policies.</p>			
Facebook, Inc.	Report on Platform Misuse	For	n/a
<p>The Board is asked to prepare a report assessing the benefits and drawbacks of the enhanced efforts to reduce mis- and dis-information on its platform that were put in place during the 2020 election cycle. Such information would be valuable given growing reputational and strategic risks in this area. As such, we support this proposal.</p>			

*The manager provided all 24,156 votes but does not rank its votes in order of significance. As such, XPS Investment Limited have sampled 5 votes from the list which are deemed to be relatively significant.

Partners Group Partners Fund

Voting Information
Partners Group Partners Fund
The manager voted on 91.7% of resolutions of which they were eligible out of 811 eligible votes.
Investment Manager Client Consultation Policy on Voting

We do not consult with clients before voting.

How does this manager determine what constitutes a 'Significant' Vote?

Size of the holding in the fund

Does the manager utilise a Proxy Voting System? If so, please detail

Partners Group hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with Partners Group's Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partners Group's proxy voting directive, and the company's management differ, then Partners Group votes manually on these proposals.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
VSB Renewables Platform	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a
VSB completed a detailed assessment of its IT and cyber security setup across offices with an external consultant. VSB will make the necessary improvements based on the outcome of this engagement.			
Techem Metering GmbH	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.

<p>After successfully completing a detailed materiality assessment, Techem published its first Corporate Sustainability Report in June 2021, which highlights key ESG achievements and lays out a detailed sustainability roadmap for the company. In the roadmap, the company commits to the development of a carbon neutrality target by 2022 and to increase the number of women in management from 17% in 2020 to 35% in 2025.</p>			
Civica	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>The focus on employees also includes managing the environmental impact of their offices. In September 2021, Civica formalized its first carbon plan.</p>			
International Schools Partnership	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>On the environmental side, ISP has ramped up their efforts on tracking their energy consumption, and now has information to inform its carbon footprint exercise. The company is also working on reducing it, for instance by assessing the feasibility of installing solar panels in all its Spanish schools. In addition, ISP planted one tree in India for each staff member.</p>			
Foncia	As Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	n.a.
<p>Foncia made a commitment to improve the diversity of its employee base. The core operations of the company (the "UES Foncia") scores 83 points in the French "Index d'égalité professionnelle entre les femmes et les hommes" (gender professional equality index), 8 points above the minimum required by the French government. The company is targeting a score of 90 within the next three years. In addition, Foncia's subsidiaries aim to reach or exceed 75 points within the next three years.</p>			