

Annual Implementation Statement – for scheme year ending 5 April 2023

Hyster-Yale UK Retirement Plan

Introduction and purpose to this statement

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustee Directors of the Hyster-Yale UK Retirement Plan (the “Plan”) covering the scheme year to 5 April 2023.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the engagement policy under the Plan’s Statement of Investment Principles (“SIP”) has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustee Directors over the year.

A copy of this implementation statement will be made available on the company’s website and included in the Trustee’s Annual Report and Financial Statements for the year to 5 April 2023.

Trustee Directors’ voting and engagement policy

In line with the Trustee Directors’ Statement of Investment Principles, the Trustee Directors have delegated all day-to-day investment decisions including integration of financially material Environmental, Social and Governance (ESG) risk and opportunities to the Plan’s sole investment manager (apart from AVCs) – BlackRock Investment Management & Financial Services (“BlackRock”). The Plan’s assets (excluding AVCs) are entirely passively managed and invested in unit-linked pooled arrangements.

Due to the passive nature of the Plan’s investments, the Trustee Directors recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustee Directors expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Trustee Directors encourage BlackRock to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustee Directors will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustee Directors’ policy is to engage with the managers to understand their policies on sustainability and stewardship, and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities in line with the Trustee Directors’ views and beliefs. The Trustee Directors, in partnership with its investment advisor, have assessed the investment managers’ voting and engagement policies. The Trustee Directors consider these policies to be appropriate, and consistent with the Trustee Directors’ own policies and objectives, therefore ultimately in the best financial interests of the members. The Trustee have endeavoured to select “significant” votes which align with the Trustee Directors identified priorities for voting and engagement – social, environmental and ethical – where the data has allowed.

The Trustee Directors meet with the investment manager, BlackRock, at least once a year to discuss any relevant matters. The Trustees met the manager on 29 June 2023 and discussed BlackRock’s approach to sustainable investment. The Trustee Directors are comfortable that the manager is engaging with investee companies in a manner aligned with the Plan’s long-term investment objectives.

The BlackRock Investment Stewardship (“BIS”) team engages with public companies on behalf of all portfolio strategies at BlackRock. When engaging with a company BlackRock are focused on promoting sound corporate governance and sustainable business models that support long-term shareholder value for their clients. Each year BlackRock prioritises its engagement work around themes that they

believe will encourage sound governance practices. In 2023, the key focus for BlackRock is on refining their expectations of boards and management, including, board composition and diversity, linking executive pay to ESG related criteria and corporate form. Another key focus is refining expectations for company disclosure, including climate risk and sustainability reporting. The Trustee Directors' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Use of proxy voting service

The BIS team performs independent research and analysis, coming to vote conclusions that are consistent with their own voting guidelines and that they believe are in the best long-term economic interests of their clients. The team does not follow the recommendations of any single proxy advisor. While BIS subscribe to research from several proxy advisory firms, their research is one among many inputs into BIS' vote analysis process. BIS use proxy research firms to synthesise corporate governance information and analysis so that their analysts can identify and prioritise those companies where their own additional research and engagement would be beneficial.

Summary of voting over the year to 5 April 2023

The Plan's equity investments are managed by BlackRock via a pooled fund on an index-tracking basis. Given the indexed nature of the mandates, BlackRock are limited by the equities they must hold in the portfolio, but the Trustee Directors believe they have a strong engagement process.

A summary of the voting on behalf of the Plan over the year to 31 March 2023 is provided in the table below (this being the closest date to the year-end of 5 April 2023 that data is available).

Fund	Number of votes eligible	% of votes exercised	% of votes with management	% of votes against management	% abstained
Aquila Life UK Equity Index Fund	14,903	96	94	5	1
BlackRock Aquila Emerging Markets Fund	37,074	99	86	12	2
Aquila Life Currency Hedged European Equity Index Fund	8,994	77	87	12	1
Aquila Life Currency Hedged Japanese Equity Index Fund	6,176	100	97	3	0
Aquila Life Currency Hedged Pacific Rim Equity Index Fund	3,374	100	88	12	0

Aquila Life Currency Hedged US Equity Index Fund	7,672	99	96	4	0
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Voting information on the Plan's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

Significant votes

BlackRock have provided the Trustee Directors with the following link setting out their voting history, with bulletins explaining their vote decisions and the engagement and analysis underpinning it, on certain high-profile proposals at company shareholder meetings.

<https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>.

The following table outlines two significant votes cast by the Plan's investment manager for each fund on the Trustee Directors' behalf of the Plan over the year to 31 March 2023 is provided in the table below (this being the closest date to the year-end of 5 April 2023 that data is available). Many of the votes have been deemed significant as they relate to issues around social, environmental and ethical, in alignment with the Trustee Directors' views.

The commentary set out below is based on detail in the relevant manager's reports on the votes cast:

Significant votes cast	Coverage in portfolio
No significant votes reported by manager	BlackRock Aquila Life Japanese Equity Index
<p>Company 1: TotalEnergies SE</p> <p>Resolution: Approve the Company's sustainability and climate transition plan</p> <p>Decision: BIS voted FOR the resolution. BIS supported this proposal in recognition of the company's clearly disclosed climate transition plan to manage climate-related risks and opportunities and the progress made against this strategy.</p> <p>Rationale for inclusion: BIS recognises that Total is actively addressing the risks and opportunities stemming from the global energy transition through the Sustainability and Climate Transition Plan.</p>	BlackRock Aquila Life European Equity Index
<p>Company 1: Santos Limited</p> <p>Resolution: Advisory vote on climate change</p> <p>Decision: BIS voted FOR the resolution. BIS supported the management proposal seeking shareholder support for the company's approach to the energy transition, which is described in the company's 2022 Climate Change Report. The company's climate action plan, targets, and disclosures are consistent with what BIS look for and, in their assessment, demonstrate management and board responsiveness to shareholder feedback. Accordingly, BIS believes it is in the interests of long-term shareholders to support the proposal to approve the Climate Change Report.</p> <p>Rationale for inclusion: BIS are interested in hearing from companies in which their clients are invested regarding how they are assessing and managing the risks and opportunities arising from the global energy transition, including their strategies to navigate and realise emerging dynamics in the energy transition. Specifically, they look for companies to</p>	BlackRock Aquila Life Pacific Rim Equity Index

demonstrate they have strategies in place that address and are resilient to a range of scenarios, including likely decarbonization pathways well below 2°C, as well as global ambitions to limit temperature rise to 1.5°C.

Company 2: Woodside Petroleum Ltd.

Resolution: Approve the climate report

Decision: BIS voted FOR this proposal. BIS supported the approval of the company’s “Climate Report 2021” outlining the climate risk and transition strategy. The report incorporates shareholder feedback, including BlackRock’s, and provides long-term investors insight into the company’s actions to date and plans to become net zero by 2050 or sooner, thereby allowing investors to analyze how management intends to deliver long-term financial performance through the energy transition.

Rationale for inclusion: BIS believes long-term investors benefit when companies articulate how they are assessing and managing the risks and dynamics arising from the global energy transition, including their strategies to navigate and realise emerging opportunities in the energy transition.

Company 1: Anthem, Inc.

Resolution: Shareholder Proposal Requesting a Racial Impact Audit and Report

Decision: BIS voted FOR this proposal. BIS supported this shareholder proposal because, in their view, undertaking the requested audit could help Anthem identify and mitigate potential material risks of the company’s operations on internal and external stakeholders.

Rationale for inclusion: BIS believes an independent audit at a company such as Anthem, one of the largest health companies in the U.S., presents an opportunity for Anthem to identify and mitigate any potential racial impact-related risks in connection with the company’s products and services, as well as assess the effectiveness of their ongoing programs and initiatives to advance DEI and promote health equity.

Company 2: The Home Depot, Inc.

Resolution: Report on Efforts to Eliminate Deforestation in Supply Chain

Decision: BIS voted FOR this proposal. BIS supported this shareholder proposal because they believe that Home Depot could improve their supply chain management by including responsible sourcing standards within their wood purchasing.

Rationale for inclusion: BIS is interested in hearing from companies about their strategies and plans for managing their impacts and dependencies on nature, such as through land management—including the impacts that supply chains can have on land, forests, and water. Given the growing pressures on natural ecosystems on which Home Depot products depend and from which the company derives economic benefits, BIS believe that the company will increasingly face financial risks associated with any negative impacts on forests. Conversely, there could be material business opportunities in taking a more expansive approach.

BlackRock
Aquila Life US
Equity Index

Company 1: Barclays Plc

Resolution: Approve Barclays' Climate Strategy, Targets and Progress 2022

Decision: BIS voted FOR this proposal. BIS supported this proposal in recognition of the company’s disclosed plan to manage climate-related risks and opportunities and the company’s progress against this plan. BIS does, however, believe there are areas where the company could enhance its disclosure.

Rationale for inclusion: BIS are interested in hearing from the companies in which their clients are invested how they are assessing and managing the risks and opportunities arising from the decarbonisation of the global economy, including the need to adapt their business models and long-term strategies to be less carbon dependent and more climate resilient, while also managing for a just transition. BIS encourages companies to develop plans that are resilient under likely decarbonization pathways to limit temperature rise to well below 2°C, ideally closer to the global aspiration of 1.5°C.

BlackRock
Aquila Life UK
Equity Index

Company 2: J Sainsbury plc

Resolution: Shareholder Resolution on Living Wage Accreditation

Decision: BIS voted AGAINST this proposal. BIS recognizes the importance of frontline workers to Sainsbury's long-term success, and they see pay and benefits more broadly as a critical issue for companies to be managing effectively. However, BIS did not support the proposal given Sainsbury's strong positive track record on offering above-market employee benefits and because they believe the legally binding proposal is unduly constraining on management decision-making on a critical operational and financial issue given that it would require management to cede control of worker pay to a third-party entity.

Rationale for inclusion: BIS is supportive of companies, including Sainsbury's, paying their workers a wage equal to or above current real living wage rates and they engage with boards and management on this topic, whenever relevant. However, in this instance, BIS' vote against the proposal reflects their disagreement with its requirement that the management of Sainsbury's cede control of its payroll – a very significant portion of its fixed cost base – to an external third-party. They consider proposals such as this to be overly prescriptive and unduly constraining upon management teams.

In the Trustee Directors' opinion, the Statement of Investment Principles dated November 2021 has been followed during the year to 5 April 2023 in relation to voting and engagement.

The Trustee Directors of the Hyster-Yale UK Retirement Plan

October 2023