

Implementation Statement

The Dorchester Hotel Limited Retirement Benefits Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of **the Dorchester Hotel Limited Retirement Benefits Scheme (“the Scheme”)** to set out the following information over the year to **05 April 2024**:

- How the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The voting behaviour is not provided over the Scheme year end to 05 April 2024 because investment managers only report on this data quarterly. We have therefore provided the information over the year to 31 March 2024.

Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at January 2024 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2024 and has been made available online here:

<https://www.dorchestercollection.com/media/02ko1hoa/2024-01-drbs-sip.pdf>

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How Voting and engagement/stewardship policies have been followed

The Scheme invests entirely in pooled funds, and the Trustees delegate responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis, which the Trustees review to ensure alignment with their own policies.

The Trustees monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including business performance, strategy, capital structure, management of conflicts of interest, ESG and corporate governance matters), through the Scheme’s investment consultant.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme’s stewardship policies.

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2024. The LDI funds, liquidity fund and Absolute Return Bond Fund with Legal & General Investment Management have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

It is worth noting that for Partners Group the reported voting data is limited to listed equity holdings (typically only a small proportion of the portfolio), with the balance being in private markets investments. Private markets investments are the largest exposure within the fund, and these are typically held directly, where Partners Group controls the board and therefore the direction/strategy of the business – in this way, voting information by the manager is not applicable for these holdings.

Manager	Columbia Threadneedle Investments (CT)	Legal & General Investment Management (LGIM)	Partners Group*
Fund name	Threadneedle Dynamic Real Return Fund	World Developed Equity Index Fund World Developed Equity Index Fund – GBP Currency Hedged	Generations Fund
Structure	Pooled		
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	344	2,338	67
Number of resolutions the manager was eligible to vote on over the year	4,988	30,515	999
Percentage of resolutions the manager voted on	99.9%	99.8%	100.0%
Percentage of resolutions the manager abstained from	1.1%	0.1%	1.0%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	88.8%	78.3%	92.9%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	10.1%	21.6%	6.1%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	15.8%	4.0%

Source: Columbia Threadneedle, Legal & General Investment Management and Partners Group.

*Partners group only provide information on their voting once a year as at 31 December. Therefore, the information provided above is over the year to 31 December 2023.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustees have asked the investment managers to determine what they believe to be a “significant vote”.

Columbia Threadneedle and Legal & General have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show 3 of these votes. These are not necessarily seen as the 3 most significant among those identified. For Partners Group, given the private market nature of the majority of the assets where they tend to control the board, they have provided examples of ESG efforts of some of the companies that they invest in. Three case studies of this are also shown below.

Columbia Threadneedle, Threadneedle Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Shell Plc	TotalEnergies SE
Date of vote	2023-05-24	2023-05-23	2023-05-26
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.2%	0.5%	0.3%
Summary of the resolution	Report on impact of climate change strategy consistent with Just Transition Guidelines	Request Shell to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement	Align targets for indirect scope 3 emissions with the Paris Climate Agreement (Advisory)
How the manager voted	For	Abstain	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	<p>Columbia Threadneedle believe that shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy.</p> <p>Columbia Threadneedle are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy.</p>	<p>Columbia Threadneedle appreciates the progress made by the company and engagement to date, they feel abstaining is the best option to recognise this progress whilst retaining Columbia Threadneedle's position that they would prefer to see greater movement towards full Paris alignment in the coming years.</p>	<p>Columbia Threadneedle are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. Current disclosure does not sufficiently provide investors enough information to know whether the company's policies are in line with the Paris or 1.5 degree-aligned emission targets.</p>
Outcome of the vote	Fail	Fail	Fail

Vote 1

Vote 2

Vote 3

Implications of the outcome

Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.

**Criteria on which the vote is considered
"significant"**

A vote against management on certain environmental or social proposals with over 20% dissent.

Legal & General, World Developed Equity Index Fund and GBP Hedged Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Date of vote	2023-12-07	2024-02-28	2023-05-24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.9%	4.4%	1.7%
Summary of the resolution	Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Report on Median and Adjusted Gender/Racial Pay Gaps
How the manager voted	Against	Against	For (Against Management Recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	A vote against is warranted as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts, non-discrimination policies and including viewpoint and ideology in EEO (equal employment opportunities) policies does not appear to be a standard industry practice.	A vote for is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. Board diversity is an engagement and voting issue. LGIM believe that bringing together people of different ages, experiences, gender, ethnicities, sexual orientations and social and economic backgrounds is a crucial step to building a better company, economy and society.
Outcome of the vote	Pass	Fail	29% (Fail)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		

Vote 1

Vote 2

Vote 3

**Criteria on which the vote is considered
“significant”**

LGIM considers this vote to be significant as it is in application of an escalation of their voting policy on the topic of the combination of the board chair and CEO.

LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

Partners Group, Partners Generations Fund – The summary below is of examples of ESG efforts as opposed to votes.

	Vote 1	Vote 2	Vote 3
Company name	Breitling	Gren	Wedgewood Pharmacy
Date of vote		Not applicable to the private markets space.	
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Not applicable to the private markets space.	
Summary of the resolution	Partners control the board for the company and have provided details below of the ESG efforts taken by the company.		
How the manager voted		Not applicable to the private markets space.	
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?		Not applicable to the private markets space.	
Rationale for the voting decision	Breitling is a direct private equity investment in Partners' portfolio of companies, where the manager invests directly to obtain control and influence over their operations.	Gren is a direct private infrastructure investment in Partners' portfolio of companies, where the manager invests directly to obtain control and influence over their operations.	Wedgewood Pharmacy is a direct private equity investment in Partners' portfolio of companies, where the manager invests directly to obtain control and influence over their operations.
Outcome of the vote		Not applicable to the private markets space.	
Implications of the outcome	Breitling assessed equal pay for 1658 employees in 19 countries, considering location, roles & tenure. The company achieved <1% adjusted pay gap in favor of women and earned the "Universal Fair Pay Analyst" award from FPI Fair Pay Innovation Lab.	In line with their Sustainability Strategy, Partners have appointed 'ESG Responsibilities' at the board, executive, and leadership levels. Gren's focus is on reducing their carbon footprint, with a plan to decarbonize operations by developing a GHG	Wedgewood Pharmacy is active in the veterinary specialty pharmacy industry and is the largest provider of custom-compounded animal medications for acute and chronic conditions in the US. A draft Corporate Health & Safety Policy awaits review and approval. Cybersecurity has been enhanced with two-step authentication for OneDrive,

Vote 1

Breitling demonstrated the feasibility of end-to-end traceability with their "Origins" series launch, using responsibly sourced and fully traceable precious metals in its watches.

In collaboration with key suppliers and organizations like the Swiss Better Gold Association, Breitling focuses on sustainability aspects including health and safety, community engagement, and environmental impact. Instead of supporting large open-pit mines, the Swiss Better Gold Association works with small-scale mines, ensuring community development, environmental management, conflict-free sourcing, health and safety standards, and further conditions. Additionally, the diamonds used in Breitling's Origins series are lab-grown, ensuring the avoidance of conflict diamonds.

The approach Breitling takes to traceability of its "Origins" series, will be rolled out to all its products until 2025.

Vote 2

reduction strategy. Partners are collaborating with EY to establish a GHG accounting system for Scope 1 & 2 emissions, aiming to include Scope 3 emissions by 2025. Their targets are to reduce GHG emissions by 73% by 2030 and increase renewable energy production to over 90% by 2030.

In partnership with EY and KPMG, Partners have created a roadmap that includes phasing down or exiting non-sustainable activities, diversifying into wind farms, solar, and green hydrogen, and decarbonizing core activities using advanced technologies.

Vote 3

and users are now required to acknowledge and sign the Acceptable Use Policy.

The company is tying together the marketing and R&D teams on a sustainable packaging initiative and is currently growing its ESG Team to develop further project milestones on their ESG Journey (e.g., cybersecurity).

Criteria on which the vote is considered "significant"

Size of holding in the fund.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Due to the nature of private markets investment, Partners Group control the board of the companies they invest in and therefore have not provided engagement data. Engagement activities are limited for the Scheme's LDI and liquidity funds with Legal & General Investment Management due to the nature of the underlying holdings, therefore engagement information for these assets have not been shown.

Manager	Columbia Threadneedle*	Legal & General Investment Management	
Fund name	Dynamic Real Return Fund	World Developed Equity Index Fund World Developed Equity Index Fund – GBP Currency Hedged	Absolute Real Return Bond Fund
Does the manager perform engagement on behalf of the holdings of the fund?	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	n/a	629	156
Number of engagements undertaken at a firm level in the year	1,424		2,144
Number of companies engaged at a firm level	867		2,006
Number of engagements on environmental topics at a firm level	591		1,820
Number of engagements on governance topics at a firm level	736		528
Number of engagements on social topics at a firm level	547		274

Source: Columbia Threadneedle and Legal & General Investment Management.

*Columbia Threadneedle provide information on their engagement once a year as at 31 December. Therefore, the information provided above is over the year to 31 December 2023.

Examples of engagement activity

Some examples of engagement activities for Legal & General Investment Management and Columbia Threadneedle have been provided below. Partners have provided examples of ESG efforts over the period, which we have included in the “Significant Votes” table above.

Columbia Threadneedle

Glencore and BHP: Environment

As renewable energy costs continue to fall and the urgency of phasing out coal grows, identifying companies planning new coal projects is key for avoiding locking in high carbon future stranded assets which hinder global efforts to align with a 1.5c pathway.

Columbia Threadneedle have engaged with BHO and Glencore, scrutinising planned expansion of coal projects and ongoing capital expenditure on thermal coal respectively. BHP have decided to close their Mount Arthur coal mine in 2030 and Columbia Threadneedle have seen a strong commitment to ensuring a just transition for the workers and local community. Glencore have withdrawn from their Valeria project, citing global uncertainty and their net zero ambitions.

Legal & General Investment Management

Heidelberg Cement: Carbon Emissions

The cement industry is responsible for around 8% of global emissions. LGIM participated in discussions with Heidelberg’s management team to discuss the progress and economic viability of the company’s planned CCS (Carbon Capture and Storage) projects.

Questions focused on:

- The economics of CCS (cost of capture, transport and storage versus carbon pricing),
- The external factors affecting viability of CCS projects (regulation, government subsidies etc.),
- Demand expectations for ‘carbon-free’ cement.

LGIM will continue to engage with Heidelberg as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg, the economics of CCS will only become economical with either an increase in the carbon price or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management.

Summary

Based on the information received, the Trustees believe that the fund managers have acted in accordance with the Scheme's stewardship policies. The Trustees are supportive of the key voting action taken by the fund managers over the period to encourage positive governance changes in the companies in which the funds hold shares.

The Trustees and their investment consultant are working with the fund managers to provide additional information in the future, including where indicated above, in order to enhance their ability to assess the fund managers' actions.

Prepared on behalf of the Trustees of The Dorchester Hotel Limited Retirement Benefits Scheme

June 2024