

Engagement Policy Implementation Statement (“EPIS”)

Heinz Pension Plan (the “Plan”)

Plan Year End – 31 December 2022

The purpose of the EPIS is for the Trustee of the Heinz Pension Plan, to explain what it has done over the year ending 31 December 2022 to implement the policies and achieve the objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How stewardship policies in the SIP (including both voting and engagement activity) have been followed during the year; and
2. How the Trustee has exercised voting rights or how these rights have been exercised on its behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Conclusion

Based on the activity the Trustee has undertaken over the year, it believes that stewardship policies set out in the SIP have been implemented effectively.

Most of the Plan’s investment managers were able to disclose adequate evidence of voting and/or engagement activity. Having reviewed the information provided by the managers, the Trustee believes that its activity aligns with its stewardship priorities and that its voting policy has been implemented effectively.

Some managers however were unable to provide the full amount of data requested. The Trustee is engaging with these managers, with the support of their investment advisers, to encourage improvements in future reporting.

1. How stewardship policies have been followed

The Plan invests in a combination of pooled funds as well as one segregated mandate. For the pooled funds, the Trustee has chosen to delegate responsibility for stewardship – including voting and engagement - to the Plan's investment managers. For the segregated mandate, voting rights have also been delegated to the investment manager.

The Trustee has reviewed the stewardship activity of its investment managers carried out over the Plan year and in its view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following section.

Ongoing monitoring

Over the reporting year, the Trustee monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from its investment adviser, Aon Investments Limited ("Aon"). In particular, the Trustee received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Plan is invested in where available.

Climate risk management / TCFD / carbon reporting

The Plan has been progressing throughout the year towards meeting the requirements as set out as part of the Task Force on Climate-related Financial Disclosures (TCFD) and has published its first report as part of this year's annual reporting process. The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks.

Training

In early 2022, the Trustee completed a responsible investment survey provided by their investment adviser in order to understand the Trustee's responsible investment beliefs. Following the survey results, the Trustee had several responsible investment training sessions to educate and provide it with updates on TCFD requirements. These sessions have covered the TCFD pillars (Governance, Strategy, Risk Management and Carbon Metrics) as well as changes in regulatory requirements.

Manager Appointments

During the year, the Trustee invested in AIL's Sustainable Multi-Asset Credit Fund, following the investment strategy review in 2021 and the decision to further de-risk the investment strategy. The first investment into this fund was made in March 2022. This fund invests across a combination of multi-asset credit managers and strategies, diversified across credit markets and sustainability styles. Sustainable investing is a style of investing that aims to deliver both competitive financial returns whilst also promoting progressive environmental, social and governance practices that may enhance value.

The Trustee also adapted the BlackRock Buy & Maintain credit portfolio during the year to introduce additional climate related objectives. As part of this

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, **engaging** with investees/issuers, and **exercising voting rights**.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

process, BlackRock made changes to improve the ESG characteristics of the fund, whilst maintaining the credit quality and expected return.

Both of the above changes to the Plan's investments are in line with the Trustee's ESG and Stewardship policies as outlined in the SIP. Each year, the Trustee reviews the voting and engagement policies of the Plan's investment managers to ensure they align with its own policies for the Plan and help it to achieve them.

The Plan's stewardship policy can be found in the SIP:

<https://www.kraftheinzpension.co.uk/heinzpensionplan/useful-documents>

Engagement Action Plan

Based on the work the Trustee has done for this EPIS, it has decided to take the following actions:

1. Data in relation to AIL was generally good but some managers could do better. The Trustee's investment adviser, Aon, is engaging with AIL and those managers to encourage better disclosures.
2. The Trustee will continue to invite its investment managers to meetings to get a better understanding their voting and engagement practices, and how these help fulfil its Responsible Investment policies.
3. The Trustee will continue to undertake regular, detailed ESG monitoring of managers.
4. The Trustee will undertake an annual review of investment managers' Responsible Investment policies to ensure they are in line with its own.

2. How the Trustee has exercised its voting rights

As above, the Trustee has delegated the exercise of its voting rights as well as engagements with underlying security issuers to investment managers.

This section sets out the voting and engagement activity that has been undertaken on behalf of the Trustee over the year to 31 December 2022.

Fiduciary manager's engagement activity

Some of the Trustee's investments are made via a fiduciary manager, Aon Investments Limited ("AIL"). This includes investments in AIL's Sustainable Multi-Asset Credit Strategy and Diversified Liquid Credit Strategy. These are fund of fund arrangements, where AIL selects the underlying investment managers on behalf of the Trustee.

The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to AIL. The Trustee has reviewed AIL's latest annual Stewardship Report and believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers and provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

The Trustee believes that these activities are in line with its own stewardship policy and expectations regarding how its investment managers should approach voting and engagement.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the Trustee still retains responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the Trustee will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Equity manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustee expects the Plan's equity manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Plan's equity manager, UBS, for the year to 31 December 2022.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
UBS – Life Climate Aware World Equity Hedged	18,222	97.0%	15.4%	0.3%

Source: Manager

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's equity manager, UBS, uses proxy voting advisers.

	Description of use of proxy voting adviser(s)
UBS Asset Management ("UBS")	UBS AM retain the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, the Trustee asked UBS to provide a selection of what they consider to be the most significant votes in relation to the Plan's investment. An example of a significant vote can be found in the Appendix.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers, some of which are underlying managers of the Aon Investments Limited funds, which are specified below. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the fund invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a firm-level
	Fund specific	Firm level	
UBS – Life Climate Aware World Equity Hedged	213	461	Climate change, Remuneration, Board effectiveness - Independence or Oversight, Human capital management (e.g. inclusion & diversity, employee terms, safety), Strategy/purpose and Human and labour rights (e.g. supply chain rights, community relations).
Barings – Short Dated Credit ¹	476	760	Climate change, Strategy/purpose, Natural resource use/impact (e.g. water, biodiversity), Reporting (e.g. audit, accounting, sustainability reporting) and Board effectiveness – Diversity.
BlackRock – UK Buy and Maintain Credit	116	Not provided	Climate Risk Management, Remuneration, Board Composition and Effectiveness, Corporate Strategy, Business Oversight/Risk Management, Human Capital Management, Social Risks and Opportunities.
Robeco – SDG Credit Income Fund ²	11	252	Climate change, SDG Engagement, Natural resource use/impact (e.g. water, biodiversity), Human and labour rights (e.g. supply chain rights, community relations) and Pollution, Waste.
LGIM – Global Diversified Credit SDG Fund ²	79	Not provided	Climate change, Natural resource use/impact (e.g. water, biodiversity), Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Board effectiveness – Diversity and Remuneration.

Source: Managers

¹ Example of material underlying investment within AIL's Diversified Liquid Credit Fund

² Examples of material underlying investments within AIL's Sustainable Multi-Asset Credit Fund

Data limitations

Whilst LGIM (an underlying manager in the AIL Sustainable MAC fund) did provide a comprehensive list on fund level engagements, it did not provide detailed engagement examples specific to the fund in which the Plan is invested (which is considered best practice by the Investment Consultant Sustainability Working Group) and also did not provide firm level engagement information. The Trustee's investment adviser, Aon, is engaging with AIL and LGIM to help the manager develop further improvements in its engagement reporting.

This report does not include commentary on the Plan's liability driven investments because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below is an example of a significant vote provided by the Plan's equity manager, UBS. The Trustee consider a significant vote to be one which the manager considers significant.

UBS – Life Climate Aware World Equity Hedged	Company name	TotalEnergies SE
	Date of vote	25-May-2022
	How the manager voted	Supported Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Approve Company's Sustainability and Climate Transition Plan
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided
	Outcome of the vote	Pass
	Rationale for the voting decision	Company stepped up ambition in reduction of Scope 1&2 and Scope 3 emissions, and set strong sub-targets for European business, underpinned by detailed action plans.
	Implications of the outcome	We voted against the company's say-on-climate vote at 2021 AGM, however following progress we supported in 2022, which received 88% aggregate support. We will be continuing to engage with the company in regard to their climate transition.
	Criteria on which the vote is considered significant?	Voting action following engagement progress.

Source: Manager