

Annual Implementation Statement – for scheme year ending 5 April 2020

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 2020.

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 Trustees’ Annual Report and Financial Statements for the year to 5 April 2020.

This is the first year of the Plan providing an Implementation Statement.

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 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 recognize 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 meet with the investment manager, BlackRock, at least once a year to discuss any relevant matters. The Trustees met the manager on 12 October 2020 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. Ahead of the meeting the manager shared their Investment stewardship annual report <https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf>

This showed that in 2020, the asset manager had engaged with companies in record numbers over the past year on sustainability and other issues and held more directors of these companies accountable. BlackRock have articulated five Engagement Priorities: board quality, environmental risks and opportunities, corporate strategy and capital allocation, human capital management, and compensation to promotes long-termism.

The Trustee Directors’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Summary of voting over the year to 5 April 2020

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 2020 is provided in the table below (this being the closest date to the year-end of 5 April 2020 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	15,596	98.47%	93.31%	5.23%	1.97%
BlackRock Aquila Emerging Markets Fund	22,789	96.85%	86.88%	9.97%	4.11%
Aquila Life European Equity Index Fund	7,497	83.31%	74.14%	9.18%	1.00%
Aquila Life Japanese Equity Index Fund	6,627	100.00%	97.43%	2.57%	0.00%
Aquila Life Pacific Rim Equity Index Fund	3,038	99.54%	89.96%	9.58%	0.03%
Aquila Life US Equity Index Fund	7,648	99.46%	96.64%	2.82%	0.00%

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>.

At the meeting on 12 October 2020, the Trustee Directors discussed with BlackRock some of these voting decisions to formulate what they consider to be significant votes for the Plan. It was agreed that

votes associated with companies with the largest exposures in the Plan's portfolio are most significant.

In the Trustee Directors' opinion, the Statement of Investment Principles has been followed during the year to 5 April 2020 in relation to voting and engagement.

The Trustee Directors of the Hyster-Yale UK Retirement Plan

October 2020