

# Implementation Statement for the Candles Provident Pension Fund

## Covering 1 January 2023 to 31 December 2023

### 1. Background

The Trustee of the Candles Provident Pension Fund (the “Fund”) is required to produce an annual statement to set out how, and the extent to which, the Trustee has followed the Fund’s Statement of Investment Principles (“SIP”) during the previous Scheme year in relation to voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

The SIP was last updated in June 2024 to reflect the bulk annuity transaction which took place in September 2023. A copy of the most recent SIP can be found at <https://charlesfarris.co.uk/statement-investment-principles>.

### 2. Voting and Engagement

Following investment advice received by the Trustee from the Fund’s investment consultant, the Trustee has taken the decision to purchase a bulk annuity policy with an insurer, Just, in order to secure members’ benefits in full. The bulk annuity transaction took place in September 2023, following which the Fund no longer holds any physical public equities.

Prior to the bulk annuity transaction, the Trustee elected to delegate full discretion to Mondrian to vote proxies on its behalf, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee considers these policies in manager selections, where applicable.

In addition to the bulk annuity policy, the Fund has legacy private equity and loan notes holdings. It is the Trustee’s intention to sell these assets and reinvest the proceeds in line with its agreed investment strategy.

## Trustee's Report (continued)

### Implementation Statement for the Candles Provident Pension Fund (continued)

#### a. Description of Mondrian's voting processes

Mondrian describe their processes for voting the equities within the 'Balanced Portfolio' as follows:

"Mondrian authorises and instructs client custodians to forward proxy materials to Mondrian's Proxy Voting Adviser to enable them to vote the proxies. Mondrian provides the Proxy Adviser with a list of client accounts and security holdings to make the adviser aware of which proxies it will vote on. This list of clients and client holdings is regularly updated.

For active equity products, proxy voting items are forwarded to the investment teams when they are received. Mondrian does not have a default voting position. Each motion is reviewed by a portfolio manager from the investment team responsible for research coverage of that stock. This includes matters to be voted on proposed by shareholders and proposals related to ESG, including climate change. The portfolio manager considers each motion, taking into account the relevant facts and circumstances that apply to that company, the Proxy Voting Adviser's recommendation and any conflicts of interest that may exist.

Mondrian utilises a third-party firm to provide proxy voting advice and facilitate the proxy voting process. Mondrian conducts a due diligence process review prior to appointing and renewing contracts with a Proxy Adviser. Mondrian will continuously assess the Proxy Adviser in their capacity to provide proxy voting services, addressing any concerns as they arise and where necessary, escalating these concerns to the Proxy Voting Committee."

#### b. Summary of voting behaviour over the year

Summary Info	
Manager name	Mondrian Investment Partners
Fund name	Balanced Portfolio
Approximate value of trustee's assets	£0 as at 31 December 2023
Number of equity holdings	N/A
Number of meetings eligible to vote	18
Number of resolutions eligible to vote	387
% of resolutions voted	100%
% of resolutions voted with management	99%
% of resolutions voted against management	1%
% of resolutions abstained	0%
% of meetings with at least one vote against managements	11%
% of resolutions voted contrary to the proxy adviser recommendation	0%

## Trustee's Report (continued)

### Implementation Statement for the Candles Provident Pension Fund (continued)

#### c. Most significant votes over the year

Mondrian describe their process for identifying most significant votes as follows: "Mondrian's Proxy Voting Committee will determine the most important votes that the firm has voted on; this is typically where Mondrian has voted against management, against ISS or considered significant for any other reason."

#### d. Sample of most significant votes over the year

Below is a sample of the significant votes made by Mondrian over the period to December.

Company name	BP
Date of vote	April 2023
Summary of the resolution	Approve Shareholder Resolution on Climate Change Targets
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A
Rationale for the voting decision	"Mondrian voted against this shareholder proposal again in 2023 as we agreed with our proxy adviser's recommendation which noted that the resolution would constitute an externally mandated change of strategy from the strategy presented by the Board, which would imply constraints on the Board to conduct its strategy. Given the current geopolitical environment, BP has noted the requirement for energy that is secure and cheap, as well as clean, highlighting the very real and difficult nature of such concerns, and acknowledging that the transition is multi-faceted and complicated. The company's progress will continue to be kept under review, particularly in light of the former CEO's unexpected departure, and the new CEO who took over in January 2024. In recognising the risk of uncertainty were this binding special resolution to be approved – this item is not considered to represent the best interests of shareholders at this time."
Outcome of the vote	"Item 21 - Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions, was not approved.  Looking forward, Follow This announced that it would not file a climate proposal at BP for the 2024 proxy season, for the first time since 2019."
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to monitor this.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	Vote against shareholder resolution

## Trustee's Report (continued)

### Implementation Statement for the Candles Provident Pension Fund (continued)

#### d. Most significant votes over the year (cont)

Company name	Vesuvius Plc
Date of vote	May 2023
Summary of the resolution	Approve Remuneration Report
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A
Rationale for the voting decision	<p>"At the 2023 AGM the company proposed a CEO salary increase (12%) which our proxy adviser recommended voting against as the increase was not accompanied by a "significantly compelling rationale" given that it was a higher increase than that given to the wider workforce (9%). Mondrian noted that the CEO had successfully overseen a period of stronger operational execution since he joined the firm in 2017, as exemplified by 2022's operating margins reaching new highs, despite Vesuvius's historic record of being relatively poor at cost pass through and the aggressive cost inflation in the business. We acknowledge the higher level of top management churn seen in the company as a reason that the retention of the CEO was particularly important. Additionally, we noted that although the proposed salary increase for the CEO was above that granted to general staff, his pension was reducing, and so the combined increase in his fixed remuneration was only 5.6%, whilst the wider workforce was increasing 9% on the same basis."</p>
Outcome of the vote	Item 4 – Approve Remuneration Report, passed.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to monitor this.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	Vote against proxy adviser recommendation