

VCH International Ltd Retirement Benefit Plan

Implementation Statement

Introduction

The scheme invests entirely in pooled fund units provided by Prudential Pensions Limited a wholly owned subsidiary within M&G Plc.

The trustees delegate total discretion for the day-to-day management of the assets to M&G Investment Management Limited and voting and the engagement activities to the Scheme's fund managers.

M&G Investments Pooled Pensions invests the assets of the Scheme in the M&G PP Discretionary Fund and the M&G PP Fixed Interest Fund.

One of the trustees focuses on the activity and performance of M&G and reports to the board. M&G provide a range of fund specific documentation on a monthly, quarterly and yearly basis.

Engagement/Manager Selection

The scheme has used M&G as its investment managers for over 30 years and has found them reliable, effective and efficient. We have reviewed their published papers M&G Investments and Engagement Policy and M&G's approach to Responsible Investment and find these satisfy our requirements and aims. We have also reviewed their Remuneration Governance policy applied to managers and note that remuneration is made up of fixed (salary and benefits) and performance-related pay. Performance related pay aligns the interests of participants with the business objectives of the firm and the investment objectives of its clients. M&G's long-term incentive plans aim to align the interests of the participants with the long-term performance of M&G and its clients. This aligns with our trustees' views.

M&G provided their Stewardship Report 2022

(<https://www.mandg.com/~media/files/m/mandg-plc/documents/responsible-investing/stewardship/mg-investments-annual-stewardship-report-2022.pdf>) in which M&G describe how they follow and are signatories of the UK Stewardship Code 2020 and by working closely with the management of the companies in which they invest ensure they are delivering the best long-term risk-adjusted returns. It includes considering the environmental, social and governance (ESG) practices of those companies. M&G have developed tools to evidence and record ESG engagements and are committed to reaching net zero across its assets under management and administrations by 2050.

Voting for the year ended December 2022

The scheme is invested in the M&G PP Discretionary Fund and the M&G PP Fixed Interest Fund (asset distribution at 31/12/2022 was 83 % and 17%). The Fixed Interest Fund is all invested in bonds, so there are no voting issues.

M&G voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst they do not solicit clients' views, they would take them into account should they be known to them. An active and informed voting policy is an integral

part of their investment philosophy. In their view, voting should never be divorced from the underlying investment management activity. By exercising their votes, they seek both to add value to their clients and to protect their interests as shareholders. They consider the issues, meet the management if necessary, and vote accordingly.

They use research provided by ISS and the Investment Association; and they use the ProxyExchange platform from ISS for managing their proxy voting activity. Under the Shareholder Rights Directive II, M&G is required to report on its stewardship activities, including proxy voting and the identification of significant votes. They have therefore determined their own definition of significant votes following internal discussion and consideration of external guidance. They periodically review their definition of significant votes.

M&G, using the criteria stated above, provided detail of what they considered to be the 10 most significant votes during the period for the scheme and they were:

1. JPMorgan Japanese Investment Trust Plc

Re-elect Christopher Samuel as Director - Concern over low level of female representation.

Reason considered significant - Shareholder rights and governance

Voted Against

2. Mitchells and Butlers Plc

Re-elect Bob Ivell as Director - Concern over low board gender diversity.

Reason considered significant - Shareholder rights and governance

Voted Against

3. ABB Ltd

Re-elect Peter Voser as Director and Board Chairman - Concerns over low gender diversity.

Reason considered significant - Shareholder rights and governance

Voted Against

4. LM Telefonaktiebolaget Ericsson

Relect Borje Ekholm as Director - Concern over bribery allegations.

Reason considered significant - Shareholder rights and governance

Voted Against

5. XP Power Ltd

Re-elect James Peters as Director - Concern over low gender diversity on the board.

Reason considered significant - Chairman and Executive directors

Voted Against

6. Sthree

Re-elect Denise Collis - Concern over board culture given CFO and CEO exit and rem arrangements around this - chair of the remco and SID.

Reason considered significant - Shareholder rights and governance

Voted Against

7. Sibanye Stillwater Limited

Re-elect Savannah Danson as Director - Member of the Remuneration committee. Concerns over remuneration outcomes in light of employee deaths.

Reason considered significant - Shareholder rights and governance

Voted Against

8. Airtel Africa

Re-elect Sunil Bharti Mittal as Director - Concerns over low gender diversity.

Reason considered significant - Shareholder rights and governance

Voted Against

9. Marks and Spencers

Approve Remuneration Report - Notice of notice for outgoing CEO.

Reason considered significant - Remuneration

Voted Against

10. Countryside Partnerships Plc

Approve scheme of arrangement. Approve matters relating to the Recommended Cash and Share Combination of Countryside Partnerships plc and Vistry Group plc - Concern that transaction is not in shareholders' best interests.

Reason considered significant – Corporate structure

Voted Against

The Discretionary fund at 31/12/2022 stood at £9,243,817.77.

Voting statistics on M&G performance over the reporting period (1 year) were:

Meetings eligible to vote at: 1,644.

Resolutions that could be voted on: 21,243.

Percentage of eligible resolutions voted for: 97.48%

Resolutions voted with management: 93.07%

Resolutions voted against management: 6.95%

Resolutions abstained : 0.80%

Percentage of meetings, when voted, that included at least one vote against management:
47.05 %

June 2023