

Godwin Pumps Limited Pension Scheme

Implementation Statement



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Introduction

This Implementation Statement ('Statement') is produced alongside the Trustee Report and Accounts and is required by pensions regulations¹. The Trustees of the Godwin Pumps Limited Pension Scheme (the 'Scheme') have prepared this Statement to provide stakeholders with a transparent and accurate review of how they have acted in line with the stewardship and engagement policies set out in the Statement of Investment Principles (the "SIP") during the accounting year.

This Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies ("Stewardship Policy") during the year; and
- Specifically, how the Scheme's investment managers voted and engaged on our behalf.

This statement has been prepared by the Trustees to cover the accounting year, 1 May 2024 to 30 April 2025. However, due to how the data and information is collated from our service providers (in calendar quarters), the statistics and examples provided span the period 1 April 2024 to 31 March 2025.

The Statement is publicly available at <https://www.xylem.com/en-uk/about-xylem/defined-benefit-pension-schemes/>.

Executive summary

The day to day management of the Scheme's assets is delegated to Cardano Risk Management Limited (the "Fiduciary Manager"). In advance of the appointment, the Trustees took steps to ensure that the management of the Scheme's assets and the Fiduciary Manager's policies were aligned with the Trustees' own policies. The Trustees continue to monitor the Fiduciary Manager, as part of our regular interactions with them.

We monitor the voting and engagement activity of the Scheme's investment managers, and, through the Fiduciary Manager, challenge their decisions.

The Trustees focus their efforts on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustees are comfortable that our Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers, and we receive a summary of the Fiduciary Manager's overall assessments once a quarter.

¹ The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended)

1. Our Stewardship Policy

1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

1.2. What is our Stewardship Policy?

The Stewardship Policy in force during the financial year was:

“The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Fiduciary Manager encourages the Scheme’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.”

Engagement

The Fiduciary Manager is responsible on an ongoing basis for engaging with our investment managers. For managers where it is expected to have a meaningful impact, the Fiduciary Manager monitors voting records and the level of engagement with underlying investments.

The Trustees have selected three stewardship priorities for investment manager engagement in order to improve alignment against our policies as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals, aiming to improve sustainability within the portfolio and ultimately deliver better outcomes to our members. The Trustees’ three stewardship priorities are:

- Climate Crisis
- Environmental Impact
- Human Rights

The Fiduciary Manager incorporates these themes into their voting practices and monitors manager disclosures to ensure alignment against our priorities. We have reported on this activity in this year’s Implementation Statement.

1.3. How have we implemented our Stewardship Policy?

Fund structuring

The Trustees hold investments primarily on an indirect basis through pooled funds. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, which in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing our overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustees and the Sponsor.

Where investments are made in pooled funds the Trustees follow the voting and engagement policies of

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the investment managers of the pooled funds. However, the Trustees remain responsible for ensuring that the investment managers our Fiduciary Manager appoints act consistently with the Scheme's Stewardship Policy.

External engagements

The Trustees assess that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, some of which are noted below.



Engagement beliefs

The development of engagement beliefs is an important responsibility for the Trustees. We have delegated the day-to-day implementation of our beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with our own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows.

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Fiduciary Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engaging with our investment managers to help them improve their stewardship approach. The Fiduciary Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustees monitor voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. We categorise our managers according to how material voting and engagement is in their mandate. The Trustees focus their efforts on any managers where voting and engagement is material.

Compliance statement

To the best of our knowledge, the Trustees have complied with the Stewardship Policy over the year.

2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Scheme and given the use of pooled funds, there is limited scope for the Trustees to directly influence voting. Voting is carried out by the investment managers on behalf of the Trustees.

2.1. How did our managers vote?

The tables below provide a summary of the voting activity undertaken by our managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Scheme invests with, directly or indirectly, are subject to the Scheme's engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

Cardano Global Equity

	Manager response
Number of meetings the manager was eligible to vote at over the year	1,948
Number of resolutions the manager was eligible to vote on over the year	25,428
% of eligible resolutions the manager voted on	100%
% of votes with management	74%
% of votes against management	23%
% of resolutions the manager abstained from	1%
% of resolutions linked to theme of Climate Crisis	0.3%
% of resolutions linked to theme of Environmental Impact	0.2%
% of resolutions linked to theme of Human Rights	0.5%

2.2. Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

We recognise that by having a suitable Stewardship Policy in place and using our Fiduciary Manager to

monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
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2.3 Examples of significant votes

When collating voting statistics for our managers, we also asked our managers to provide examples of significant votes cast. The tables below outline a sample of responses received.

Cardano Global Equity Fund

Company Name	Amazon	Australia and New Zealand Banking Group Ltd.
Date of vote	May 2024	December 2024
Summary of the resolution	Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology	Shareholder Proposal Regarding Transition Plan Assessments
How the manager voted	For (against management)	For (against management)
Where the manager voted against management, did the manager communicate their intent ahead of the vote	Yes, a letter was sent to Amazon	No
Voting rationale	The use of facial recognition technology poses human rights risks, so we believe an independent assessment of Amazon's Recognition Technology would help reduce potential reputational, legal, and regulatory risks from misuse of the technology	Within its Climate strategy, Cardano focuses not only on high emitting sectors but also considers the banking sector's role in financing the transition, asking banks to phase out the financing of polluting activities and to foster increased investment in low-carbon alternatives. This is also applied to our voting activities, where we support shareholder resolutions asking banks and financial institutions to improve disclosure on financing policies relating to the transition and alignment with the 1.5 C Paris Agreement goal. In the case of Australia & New Zealand Banking Group Ltd., we see its disclosures on the topic as insufficient and therefore supported this shareholder resolution.
Vote outcome	Failed to pass with 18.9% voting For	Failed to pass with 28% voting For
Engagement themes	Human Rights	Climate crisis

Company Name	Nike Inc.	Equinor ASA
Date of vote	October 2024	May 2025
Summary of the resolution	Shareholder Proposal Regarding Report on Supply Chain Management / Shareholder Proposal Regarding Worker-Driven Social Responsibility	Reports and Accounts; Allocation of Profits and Dividends
How the manager voted	For (against management)	Against
Where the manager voted against management, did the manager communicate their intent ahead of the vote	Yes	We communicated our voting decision and rationale after the AGM.
Voting rationale	<p>Nike is part of our engagements on living wage within the Platform for Living Wage Financials, where garment and footwear brands are assessed and engaged on their practices relating to enabling a living wage in the value chain. Nike has been the subject of a controversy linked to the non-payment of workers in Cambodia and Thailand by factories in the Nike supply chain. Cardano signed a joint investor letter in October 2023 to Nike relating to these controversies but our group did not receive a response. Given the lack of response along with Cardano's ongoing commitment to improving human rights and living wage in the value chain, we supported two relevant shareholder resolutions at the company's September AGM and wrote to Nike to explain our rationale. Nike acknowledged our email but we are still waiting for concrete answers.</p>	<p>In the absence of agenda items for board member re-elections and a management proposed 'Say on Climate' we voted against Reports and Accounts as Equinor's energy strategy is still falling short of a 1.5 C pathway. Equinor's reduction targets, intention to keep production stable until 2035, plans to invest in new oil and gas reserves and its renewable energy targets are not aligned with the IEA Net Zero 2050 pathway.</p>
Vote outcome	Resolutions did not gain majority support (13% and 12% respectively).	The proposal passed with 99.4% approval of shareholders.
Engagement themes	Human rights	Climate crisis

Company Name	Costco Wholesale Group	Apple Inc
Date of vote	January 2025	February 2025
Summary of the resolution	Elect Directors (Helena B. Foulkes, Jeffrey S. Raikes, Mary Agnes Wilderotter)	Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies
How the manager voted	Against (against management)	Against (with Management)
Where the manager voted against management, did the manager communicate their intent ahead of the vote	Yes	N/A
Voting rationale	<p>We believe that companies like Costco with high exposure to biodiversity risks throughout their supply chains should have clear board level accountability for biodiversity and environmental risks. Companies who are exposed to these risks should also have biodiversity and deforestation strategies meaningfully integrated into their overall business strategies. We voted against the re-election of the members of the Nominating and Corporate Governance Committee, as the company lacks sufficient oversight of these risks.</p>	<p>The proposal filed by the National Center for Public Policy Research, asked Apple to consider abolishing its Inclusion & Diversity program, policies, department and goals. In the supporting statement, the proponent cites the US Supreme Court's rulings in SFFA v. Harvard and Muldrow v. City of St. Louis which have raised legal concerns regarding corporate Diversity, Equity, and Inclusion (DEI) programs. Despite these decisions, Cardano voted against the proposal, in line with management recommendations. There are several federal laws prohibiting various types of job discrimination (including the Civil Rights Acts of 1964 and 1991 and the Equal Pay Act of 1963), which the company must adhere to. Additionally, Cardano believes that inclusive and diverse workplaces benefit companies by creating a more innovative, productive and equitable environment, ultimately improving business performance. Asking the company to abolish its existing practices on the topic is contrary to these beliefs.</p>
Vote outcome	The level of dissent for the three directors were 1.9%, 6.8% and 5.3% respectively	The proposal was rejected by 97.7% of shareholders
Engagement themes	Climate Crisis	Gender Equality

3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to disinvestment or exclusions practices, in order to create a positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

The tables below provide examples of engagement activity of the Scheme's investment managers where engagement should be a material activity in the management of the assets.

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Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Chemical Sector</p> <p>Outcome:</p> <ul style="list-style-type: none"> Following the shareholder resolution, a dialogue was held with the company's CEO, and the Norwegian government a significant shareholder of the company, was also engaged regarding the company's Scope 3 emissions. Cardano continues to actively participate in the ShareAction-led coalition and is considering further escalation 	<p>Cardano engaged with a portfolio company in the chemical sector on its decarbonisation strategy, as part of a coalition of investors led by ShareAction.</p> <p>This company has been identified as one where progress has been particularly slow—especially in setting a comprehensive Scope 3 emissions target.</p> <p>In response, Cardano and fellow investors escalated the engagement by adopting a multi-pronged approach, including the filing of a shareholder resolution calling for the company to set a Scope 3 target.</p>

Wellington

Key points	Engagement activity
<p>Engagement Theme: Climate Change</p> <p>Industry: Sovereign</p> <p>Outcome:</p> <ul style="list-style-type: none"> Wellington learnt that the country is undertaking a project to improve power transmission lines and correct this issue funded in part by green credits for the financing of environmental projects 	<p>During the third quarter, Wellington engaged with the Ministry of Finance of a Latin American country to assess progress as it relates to key climate transition challenges and opportunities. Energy generation is the primary driver to the country's greenhouse gas emissions and, in recent years, the country has increased solar and wind energy capacity, however underdeveloped transmission infrastructure has been unable to keep up with the pace of energy development. As such, large quantities of renewable energy does not make it to the grid.</p>

*Fund held by Scheme until 31/08/2024

Barings

Key points	Engagement activity
<p>Engagement Theme: Climate Change</p> <p>Industry: Maritime</p> <p>Outcome:</p> <ul style="list-style-type: none">Company is planning to incorporate an environmental strategy with KPIs on issues raised through engagement in their 2024 sustainability report	<p>Barings holds an investment in a global tugboats business with a large fleet operating from a network of ports. Due diligence on the issuer by their investment analyst highlighted areas of potential improvement on environmental topics. Environmental standards are expected to become increasingly important for port tender renewals requiring a leading environmental profile to reduce operational and financial risk. Barings undertook an engagement with the CEO and CFO at a conference event regarding emissions reduction. It requested that (i) the company continues to work with port authorities to install electric charging points across the port network to reduce idling emissions (ii) the company explores options for use of lower emissions fuels types on new vessels and its existing fleet. This is viewed as a multi-year engagement request with regular semi-annual interactions with senior management expected</p>

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