

Engagement Policy Implementation Statement (“EPIS”)

Walker Group Employee Benefit Scheme (the “Scheme”)

Scheme Year End – 5 April 2024

This document summarises the stewardship activities of the Trustee Directors of the Scheme during the year ending 5 April 2024. It includes:

1. How policies in the Statement of Investment Principles (SIP) about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How voting rights have been exercised or how these rights have been exercised on behalf of the Scheme, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

The Scheme purchased a bulk annuity policy from Aviva Life & Pensions UK Limited ("Aviva") in October 2022. The aim of the annuity policy is to wholly cover the benefits payable to all members of the Scheme and we have deemed the purchase to be in the best financial interests of all members.

While we were comfortable with the stewardship and corporate governance policies of Aviva as part of our initial due diligence of the insurer, we recognise that going forward we cannot directly influence the ESG integration or stewardship policies and practices of Aviva. As a result, we do not actively seek to monitor its activities and policies in this area. However, we expect Aviva to use its influence and purchasing power (where possible) to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties. We also believe that Aviva is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

We remain comfortable that the Scheme’s property manager, M&G, continues to engage appropriately with relevant parties as it manages the liquidation of the UK Property Fund.

Further information on our stewardship policies following the purchase of an annuity can be found in the Scheme’s SIP, which we last reviewed during the Scheme-year to 5 April 2024.

How voting and engagement policies have been followed

The Scheme purchased a bulk annuity policy from Aviva in October 2022. Surplus monies following the annuity purchase have been held as cash within the Trustee's bank account and invested in three of LGIM's funds: the Sterling Liquidity Fund, the 2042 Gilt Fund and the 2042 Index-Linked Gilt Fund. The investment in the 2042 Gilt Fund and the 2042 Index-Linked Gilt Fund is designed to broadly match the eventual cost of insuring the Scheme's Guaranteed Minimum Pension (GMP) equalisation benefits.

As the Scheme does not hold any equity investments, there is no voting information to share.

The Scheme also has a residual holding in the M&G UK Property Fund which is in liquidation.

Over the reporting year we monitored the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon").

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

<https://pensioninformation.aon.com/tennecogroup>

Our Engagement Action Plan

The Scheme's assets have been used to purchase an annuity with Aviva and therefore Aviva now has the main responsibility for managing arrangements with underlying investment managers. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to an appropriate long-term objective; as well as having appropriate performance, costs (including turnover costs), and remuneration monitoring with respect to the appointed asset managers. In addition, we expect Aviva to use its influence and purchasing power (where possible) to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

We have deemed that the purchase of an annuity policy is in the best financial interests of the membership but recognise that going forward we cannot directly influence the ESG integration nor stewardship policies and practices of Aviva.

We have limited ability to incentivise Aviva to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of annuity policies, such as the annuity policy purchased by the Scheme, we believe that Aviva is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.

Should we be provided with any opportunity which we deem appropriate to incentivise Aviva concerning these areas, we will consider the opportunity. We were unaware of any such opportunity during the Scheme year in scope.

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

Our 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 the engagement activity carried out by the M&G over the reporting year. The manager has provided information for the most recent calendar year available. This information is provided at a firm level i.e., is not necessarily specific to the UK Property Fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
M&G Investments ("M&G") – UK Property Fund	<i>Not provided</i>	297	Environment - Climate change, Nature and Biodiversity Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness - Independence or Oversight, Board effectiveness - Diversity, Remuneration Strategy, Financial and Reporting - Capital allocation

Source: M&G.

Data limitations

This report does not include commentary on the Scheme's investments in cash and gilts because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.