

# Engagement Policy Implementation Statement (“EPIS”)

## The Wilts Wholesale Electrical Company Limited Retirement Benefits Scheme (the “Scheme”)

Scheme Year End – 5 April 2024

The purpose of the EPIS is for us, the Trustee of the Wilts Wholesale Electrical Company Limited Retirement Benefits Scheme, to explain what we have done during the year ending 5 April 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the 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 we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

Our investment manager provided us with high-quality engagement information that was sufficient for us to deduce that the policies in our SIP had been implemented effectively, however, there are areas where we would like to see additional details, as set out in our engagement action plan. We (with the support of our investment advisers) will engage with LGIM as per our Engagement Action Plan to encourage improvements in future reporting and transparency.

## How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environmental Social and Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available.

During the Scheme year, we updated our SIP to reflect the Stewardship guidance released by The Department for Work and Pensions ("DWP") and The Pensions Regulator ("TPR").

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

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

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

## 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 Environmental Social Governance ("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 Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Legal and General Investment Management Limited ("LGIM") did provide a comprehensive list on fund-level engagements, which we find encouraging, but it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consulting Sustainability Working Group ("ICSWG") industry standard template. Our Investment Consultant, Aon will continue to engage with LGIM to encourage improvements in its engagement reporting.

## Our manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment manager to responsibly exercise its voting rights.

### Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2024 which broadly matches the Scheme year.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - All World Equity Index Fund (Hedged and Unhedged)	64,058	99.9%	20.2%	0.5%

Source: LGIM

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser (in the manager's own words)
LGIM	LGIM's Investment Stewardship team uses Institutional Stewardship Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: LGIM

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

## 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 some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund - level	Firm - level	
Insight - Bonds Plus Fund	114	2,521	Environment - Climate Change, Natural resource use/impact, Pollution, Waste Social - Human capital management, Conduct culture and ethics. Governance - Board effectiveness - Independence or Oversight, Remuneration, Shareholder rights Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose; Capital Allocation; Reporting
Insight - Synthetic Global Credit Fund	Not provided		Environment* - Climate Change, Natural resource use/impact, Pollution, Waste Social* - Human and labour rights, Human capital management, Inequality Governance* - Board effectiveness - Independence or Oversight, Remuneration, Shareholder rights Strategy, Financial & Reporting* - Strategy/Purpose; Financial Performance; Reporting; Capital Allocation
LGIM - All World Equity Index Fund (Hedged and Unhedged)	898	2,500	Environment - Climate Impact Pledge; Climate Change; Deforestation Social – Gender Diversity, Income Inequality, Public Health Governance – Remuneration, Board Composition, Nominations and Succession Other - Corporate Strategy, Company Disclosure & Transparency

Source: Managers.

\*Insight did not provide fund level themes for its Synthetic Global Credit Fund; themes provided are at a firm-level.

## Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM did provide fund-level engagement information but not in the industry standard ICSWG template.
- Insight did not provide any fund level engagement information for the Synthetic Global Credit Fund.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

## Appendix – Significant Voting Example

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant. LGIM uses a wide variety of criteria to determine what it considers a significant vote, one of which is outlined in the example below:

<b>LGIM - All World Equity Index (Hedged and Unhedged)</b>	<b>Company name</b>	Royal Bank of Canada
	<b>Date of vote</b>	05 April 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.2
	<b>Summary of the resolution</b>	Resolution D - Report on 2030 Absolute Greenhouse Gas Reduction Goals
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	<b>Rationale for the voting decision</b>	LGIM embedded scope 3 disclosure and targets into its minimum expectations for all sectors, with specific detail within individual sectors. LGIM will generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for the high-emitting sectors in line with energy scenario analysis and market expectations of absolute reductions over time.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with the company and monitor progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared its intention to support. LGIM continue to consider that decarbonization of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: LGIM