

Implementation Statement, covering the Scheme Year from 1 April 2022 to 31 March 2023

The Trustee of the Kenwake Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has noted the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022. The Trustees have not yet agreed a set of stewardship priorities as the Trustee focus this year has been on monitoring the overall ESG credentials (including stewardship) of the underlying managers is appropriate.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The Scheme SIP was last reviewed and updated on 31 March 2022.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took several steps to review the Scheme’s existing managers and funds over the period, as described in Section 3 below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

LCP’s RI scores for the Scheme’s existing managers and funds are included in the quarterly performance monitoring report. These scores cover the manager’s approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme, and it is these that directly affect LCP’s manager and fund recommendations. The Trustee also receives quarterly updates on ESG and Stewardship related issues from LCP as part of their quarterly investment update report.

3. Description of voting behaviour during the Scheme Year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

- Legal & General All World Equity Index Fund.

LCP, on behalf of the Trustee, also contacted the Scheme’s asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. The Trustee has been told that none of the other pooled funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities, however Aegon, Insight and Ninety One provided detail on their engagement activities, which is included in the next Section.

3.1 Description of the voting processes

3.1.1 Managers with voting opportunities

Legal & General (“LGIM”)

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also considers client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM. LGIM does not outsource any part of the strategic decisions. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receives from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes are in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which LGIM believes all companies globally should observe, irrespective of local regulation or practice. LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with its voting policies by its service provider.

3.1.2 Other engagement

Aegon

Although Aegon has reported no voting activities over the period, its Responsible Investment team leads engagements with issuers with the aim of improving ESG outcomes and disclosure. Engagement is typically triggered by one of three factors:

- The identification of ESG issues that create financial risk.
- Violation of our clients' ESG standards and policies, as specified in mandates.
- RI investment strategies seeking to encourage certain ESG behaviours.

In the one-year period ending 31 December 2022, Aegon engaged with 132 issuers in the portfolios.

Insight

Although Insight has reported no voting activities over the period, it conducted various engagements, which incorporated discussions of ESG issues. Insight understands that it must demonstrate the highest standards of accountability and transparency in its stewardship programme. Insight has an unwavering commitment to stewardship.

Engagement with issuers is a key part of Insight's credit analysis and monitoring and complements its approach to responsible investment. As a matter of policy, all credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of Insight's credit analyst resource, one of the key inputs into our ESG analysis is the direct information which Insight receives from companies via engagements that take place. Insight also has a dedicated stewardship programme, which includes its prioritised ESG engagement themes. Insight's prioritised themes for this year are climate change, water management, and diversity and inclusion. Insights uses a research-led approach to identify poor performers to initiate targeted engagement to encourage positive improvements across each of these themes.

With regards to its holdings in corporate bonds, in 2022, Insight conducted 1,178 engagements with corporate bond issuers, including derivative counterparties, the majority of which incorporated discussions of environmental, social and governance (ESG) issues. Insight engagements are focused on creating positive change at the organisations it invests in.

Insight is a proactive member of a range of industry associations (UK sustainable investment and finance association, UN-supported PRI initiative) and participated in collaborative initiatives (UK stewardship code, climate action 100+) to support engagements on material issues.

Ninety One

Although Ninety One has reported no voting activities over the period, it believes engagement is an important investment tool to help preserve and grow the real value of the assets entrusted to Ninety One by its clients over the long-term. It also provides Ninety One with valuable ESG information, helps it understand management intentions and enables it to advocate for improved ESG practices and disclosure.

Ninety One recognises that it must prioritise its engagement activity and typically it will consider the size and duration of holdings, credit quality, degree of transparency and the materiality of ESG risks and opportunities

9.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below.

Manager name	Legal & General Investment Management
Fund name	All World Equity Index Fund
Total size of fund at end of the Scheme Year	£3,674.5m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£13.3m / 11.6%
Number of equity holdings at end of the Scheme Year	4,560
Number of meetings eligible to vote	6,728
Number of resolutions eligible to vote	68,320
% of resolutions voted	99.9%
Of the resolutions on which voted, % voted with management	79.1%
Of the resolutions on which voted, % voted against management	19.7%
Of the resolutions on which voted, % abstained from voting	1.3%
Of the meetings in which the manager voted, % with at least one vote against management	63.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	10.4%

9.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. Please note that this is not an exhaustive list. We have used our discretion to choose "most significant vote" resolutions from those provided by the managers, aiming to provide a broad range of example resolutions that the Scheme's investment managers typically vote on.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM “most significant” votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company name	Amazon.com, Inc	Alphabet Inc.	Meta Platforms, Inc.	Exxon Mobil Corporation	Royal Dutch Shell Plc
Date of vote	25/05/2022	01/06/2022	25/05/2022	25/05/2022	24/05/2023
Approximate size of holding at vote date (% of portfolio)	1.71%	1.11%	0.73%	0.57%	0.33%
Summary of the resolution	Elect director	Report on physical risks of climate change	Require independent board chair	Set greenhouse gas emissions reduction targets consistent with Paris Agreement goal	Approve the Shell Energy transition progress update
How you voted	Against	For	For	For	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an Annual General Meeting as its engagement is not limited to shareholder meeting topics.				
Rationale for the voting decision	Concerns as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	LGIM expects companies to be taking sufficient action on the key issue of climate change.	LGIM expects companies to establish the role of independent Board Chair.	Absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets.	Concerns over the disclosed plans for oil and gas production. Benefit from further disclosure of targets associated with the upstream and downstream businesses.
Outcome of the vote	For	Against	Against	Against	For