

VWRI UK Pension Scheme

2023 SIP Implementation Statement

Introduction

Under regulatory requirements, the Trustee is required to produce an annual Implementation Statement setting out:

- a) How voting and engagement policies set out in the Statement of Investment Principles ("SIP") in respect of the Scheme year from 1st January 2023 to 31st December 2023 have been followed; and
- b) A description of any voting behaviour by or on behalf of the Trustee during the Scheme year.

Summary of SIP Updates Over the Period

Updates to the SIP were made over the period to:

- Outline the Trustee's new primary funding objective and risk budget
- Outline the Trustee's new Stewardship Policy

Having considered over 2023 the further stewardship guidance issued by the Department for Work and Pensions ("DWP") (effective October 2022), the new Stewardship Policy as set out in the latest version of the SIP reflects the Trustee's approach to practising effective stewardship and acting in the best financial interests of the Scheme's members.

Significance of Stewardship in the Appointment and Monitoring of Investment Managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers managers' ESG and Stewardship capabilities. This information is provided by the Scheme's investment consultant.

The Trustee monitors and engages with the Scheme's investment managers (via the Scheme's investment consultant) on an ongoing basis.

Summary of the Scheme's Stewardship Policy

The Trustee believes that good stewardship is an important part of general scheme governance, and understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for the Scheme's members, leading to sustainable benefits for the economy, the environment and society.

The Trustee has selected **Climate Change** as its key stewardship theme.

Engagement

The Trustee's Stewardship Policy can be found within the appendix of its Statement of Investment Principles, which is publicly available.

The Trustee has issued a signed letter to the Scheme's investment managers which sets out its overall view on stewardship, its chosen stewardship theme and its expectations of the managers in exercising effective stewardship, including engagement, on the Scheme's behalf.

Where the Trustee meets with the Scheme's investment managers, their recent stewardship activity on behalf of the Scheme (among other topics) is discussed. Additionally, the Trustee's investment consultant monitors on an ongoing basis the stewardship capabilities of its investment managers, to ensure stewardship continues to be exercised satisfactorily.

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. Examples of this activity are provided in Appendix A. On an annual basis, both the Trustee and its investment consultant review the stewardship activity of the Scheme's investment managers to ensure these have been carried out effectively and in line with the Trustee's expectations.

Voting Behaviour

The Trustee's ability to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. This includes the LGIM equity funds and the equity holdings within the Amundi and Man funds. As the holdings are made via pooled funds, where the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee, the Trustee's ability to influence voting activities undertaken is limited. However, the Trustee does take stewardship into account in selecting, monitoring, and retaining its investment managers.

Over the period, voting activities by Amundi, LGIM, and Man were undertaken with due consideration to investors' best interests considered on a fund-wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' voting policies, the Trustee is comfortable the voting policies for the Scheme have been adequately followed over the period. A summary of Amundi, LGIM and Man's voting behaviour is shown in Appendix B below, including their use of proxy voting.

The assets underlying the LGIM Pooled LDI fund consist of gilts and gilt-based derivatives and the assets underlying the LGIM Buy and Maintain Credit fund consist of corporate bonds. Therefore, the investment manager does not have voting rights for these particular funds. Given its governance structure, the Scheme relies on its managers to use their discretion with regards to voting.

Given the DWP's new guidance, the Trustee has sought to define its own definition of what it considers to be a significant vote. The criteria set by the Trustee is provided immediately below, and is used to determine significant votes for the purposes of reporting within this Implementation Statement.

Significant votes have been defined as votes which meet one or more of the following criteria, as set by the Trustee:

- Votes relating to our key stewardship theme;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Appendix A – Summary of Engagement Activity

Below the Trustee provides two examples of engagement activity conducted on their behalf by the Scheme's Buy & Maintain Credit fund manager, LGIM.

References to “we”, “us” and “our” in these sections refer to the relevant investment manager, rather than the Trustee.

Company: Goldman Sachs

Focus of engagement: Climate change

Details of engagement: Banks play a prominent role in financing the global transition to net zero. Accordingly, the financials sector is included as one of our “climate critical” sectors under LGIM's Climate Impact Pledge. For Goldman Sachs, we pre-declared our voting intentions for their AGM in 2023, confirming our intended support for shareholder proposals requesting a time-bound fossil fuel phase-out, and requesting reporting on absolute greenhouse-gas reduction targets.

Outcome of engagement: As investors advocating for a just and orderly energy transition, which satisfies all aspects of the current energy crisis (energy security, affordability and sustainability), we continue to emphasise that the boards of financial institutions need to closely consider their strategy and risk appetite towards fossil fuels into the near future. Following our pre-declaration, we have spoken with Goldman Sachs to discuss our voting intentions on these and other resolutions at their 2023 AGM.

Company: Tesco

Focus of engagement: Real living wage (social)

Details of engagement: Tesco remains the only listed food retailer to not be paying the real living wage – we have engaged with them on multiple occasions on this topic. As Tesco raised rates twice in 2022 for inner/outer London based employees, we decided at this time (2022) not to escalate by filing a shareholder resolution for their 2023 AGM. In third quarter of 2023, we expanded our corporate engagement on income inequality. We launched our inaugural engagement campaign on this topic with specific vote sanctions against the re-election of the chair, the chair/CEO or president of companies that fail to meet our minimum expectations by the time of their 2025 AGM. We are targeting the food retail sector, identifying 15 supermarket retailers in developed markets as targets for engagement, and Tesco is captured within this campaign.

Outcome of engagement: LGIM, together with other long-term investors, published an investor statement on the UK cost-of-living crisis. It sets out a list of actions for companies to address the

impact of the cost-of-living crisis on their employees: prioritising support for their lowest paid employees by either increasing pay to match the real living wage or make one-off cost-of-living payments. We continue to engage actively with Tesco on this topic and have met with them again during 2023, discussing not only the living wage but also executive remuneration, and other governance topics such as board composition and succession planning.

Appendix B – Summary of Managers’ Voting Record

The Trustee’s investment advisor circulated voting information collection templates to the Scheme’s relevant investment managers for the period in consideration, who then directly filled these in (unless explicitly stated otherwise). **References to “we”, “us” and “our” in these sections refer to the relevant investment manager, rather than the Trustee.** Under the ‘Most significant vote(s)’ section for each manager below, of the managers that completed this, a sample of three significant votes for this Implementation Statement have been included per manager.

Amundi

Key Voting Statistics	
Value of Trustee assets as at 31 December 2023	£5,213,450.03
Number of equity holdings at period end	37
Number of meetings eligible to vote	52
Number of resolutions eligible to vote	928
% of resolutions voted	97%
% of resolutions voted with management	75%
% of resolutions voted against management	25%
% of resolutions abstained	0%
% of meetings with at least one vote against management	88%
% of resolutions where manager voted contrary to recommendation of proxy adviser	N/A
Any use of proxy voting services during the period?	Amundi uses its firm wide Proxy Voting Policy, please refer to policy here . The team uses the ISS Proxy exchange platform to send its voting instructions.

Most significant votes

Below are details of 3 of Amundi’s most significant votes during the relevant reporting period.

Company name	Microsoft Corporation
Approx. size of fund’s holding at date of vote	0.35%
Summary of resolution	Report on Climate Risk in Retirement Plan Options

How manager voted	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A
Brief rationale for voting decision	We consider the commitment requested by the proposal as useful for shareholders to assess progress towards Paris Agreement targets.
Outcome of vote	Rejected
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Amazon.com, Inc.
Approx. size of fund's holding at date of vote	0.44%
Summary of resolution	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines
How manager voted	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A
Brief rationale for voting decision	Additional information on meeting Paris Agreement goals would be useful to shareholders to assess potential risks and increase their understanding on how the company is managing its transition.
Outcome of vote	Rejected
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Schneider Electric SE
Approx. size of fund's holding at date of vote	0.42%
Summary of resolution	Approve Company's Climate Transition Plan
How manager voted	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A

Brief rationale for voting decision	Schneider Electric is leading by example with its climate transition plan: 1) the company has set a net-zero target and reduction targets for its Scope 1, Scope 2 and Scope 3 emissions covering the entire value chain; 2) SE outlines a clear pathway to the 2050 target and a detailed strategy that addresses the most difficult to reduce but significant Scope 3 emissions; 3) SE has established group-wide and local decarbonization initiatives as well as initiatives for various decarbonization levers such as greening electricity and electrifying vehicle fleets; and 4) SE reports on being on track with progress. In addition, SE provides TCFD-aligned reporting and information on its scenario analysis, has received third-party assurance on its GHG emissions and is committed to strong board engagement. Following our Say on Climate dedicated assessment framework we assess Schneider Electric positively and recommend voting in favor of the approval of its 2023 Climate Transition plan.
Outcome of vote	Accepted
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Legal & General Investment Management (LGIM)

Given the LGIM World Developed Equity Index fund and the LGIM World Developed Equity Index – GBP Hedged fund contain the same underlying holdings and voting rights, they have been grouped together in the below table.

Key Voting Statistics	
Value of Trustee assets as at 31 December 2023	GBP-unhedged: £3,938,890.72 GBP-hedged: £3,953,776.87 Total: £7,892,667.59
Number of equity holdings at period end	2,506
Number of meetings eligible to vote	2,392
Number of resolutions eligible to vote	31,063
% of resolutions voted	99.89%
% of resolutions voted with management	78.16%
% of resolutions voted against management	21.70%
% of resolutions abstained	0.14%
% of meetings with at least one vote against management	79.88%
% of resolutions where manager voted contrary to recommendation of proxy adviser	15.78%

Any use of proxy voting services during the period?

LGIM's Investment Stewardship team uses ISS's '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.

Most significant votes

Below are details of 3 of LGIM's most significant votes during the relevant reporting period.

Company name	JPMorgan Chase & Co.
Approx. size of fund's holding at date of vote	0.68% / 0.73% Hedged vs Unhedged.
Summary of resolution	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
How manager voted	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	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.
Brief rationale for voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
Outcome of vote	34.8% of shareholders supported the resolution.
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Shell Plc.
Approx. size of fund's holding at date of vote	0.36% / 0.37% Hedged vs Unhedged.

Summary of resolution	Resolution 25 - Approve the Shell Energy Transition Progress
How manager voted	AGAINST
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Brief rationale for voting decision	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.
Outcome of vote	80% of shareholders supported the resolution.
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Exxon Mobil Corporation
Approx. size of fund's holding at date of vote	0.72% / 0.76% Hedged vs Unhedged.
Summary of resolution	Resolution 12: Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions. Scenario
How manager voted	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
Brief rationale for voting decision	Together with CBIS, LGIMA has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In our view, this is a highly relevant and financially material matter, and by filing this proposal we are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.
Outcome of vote	16% of shareholders supported the resolution.
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Man

Key Voting Statistics	
Value of Trustee assets as at 31 December 2023	£11,957,723.74
Number of equity holdings at period end	1,558
Number of meetings eligible to vote	510
Number of resolutions eligible to vote	6,118
% of resolutions voted	98.1%
% of resolutions voted with management	78.9%
% of resolutions voted against management	19.7%
% of resolutions abstained	0.9%
% of meetings with at least one vote against management	77.5%
% of resolutions where manager voted contrary to recommendation of proxy adviser	12%
Any use of proxy voting services during the period?	Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Most significant votes

As per Man's policies on disclosing voting information on their underlying companies, they have anonymised the company name and kept confidential the size of each holding and the outcome of each vote.

Below are details of 3 of Man's most significant votes during the relevant reporting period.

Company name	Anonymised 1
Is this one of your top 5 (or 10) holdings?	Anonymised.
Summary of resolution	Elect Bernard L. Gustin to the Board of Directors
How manager voted	Against management
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No.
Brief rationale for voting decision	Company is not a UNGC participant or signatory.
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Anonymised 2
Is this one of your top 5 (or 10) holdings?	Anonymised.
Summary of resolution	Shareholder Proposal Regarding Policy and Report on Capital Allocation Alignment with Net Zero by 2050 Pathway
How manager voted	Against management
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No.
Brief rationale for voting decision	Favour increased disclosure
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.

Company name	Anonymised 3
Is this one of your top 5 (or 10) holdings?	Anonymised.
Summary of resolution	Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement
How manager voted	FOR

Where manager voted against management, did the manager communicate intent to company ahead of vote?	No.
Brief rationale for voting decision	Favour increased disclosure
On which criteria has the Trustee assessed this vote to be "significant"?	Vote related to the Trustee's key stewardship theme.