Implementation Statement, covering the Scheme Year from 1 April 2021 to 31 March 2022

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, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

As part of the Scheme’s new strategic asset allocation agreed at the Trustee meeting in June 2021 and the implementation of the new investment strategy by 31 March 2022, the voting and engagement policies in the SIP were reviewed and updated during the Scheme Year in March 2022, to reflect the Trustee’s current beliefs on these matters. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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 a number of steps to review the Scheme’s new and existing managers and funds over the Scheme Year, as described in Section 2 (Voting and engagement) 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.

The Trustee invested in the following new pooled funds during the Scheme Year:

- Legal and General All World Equity Index Fund on 17 August 2022;
- BMO Short Profile Leveraged Nominal and Real Gilt Funds on 3 February 2022;
- BMO Sterling Liquidity Fund on 9 February 2022;
- Aegon European ABS Fund on 29 March 2022; and
- Ninety One Multi-Asset Credit Fund on 31 March 2022.

In selecting and appointing these managers, the Trustee considered LCP’s advice on the shortlisted managers, which included information on their responsible investment (RI) capabilities.

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, on the Scheme’s funds that hold physical equities as follows:

- PineBridge Investments Global Dynamic Asset Allocation Fund; and
- Legal & General All World Equity Index Fund.

LCP on behalf of the Trustee also contacted the Scheme's other asset managers that don't explicitly 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 Insight has provided detail on its engagement activities, which is included in the next Section.

3.1 Description of the managers' voting processes

3.1.1 Managers with voting opportunities

PineBridge

PineBridge has engaged a third-party vendor, Institutional Shareholder Services ("ISS"), to consult on and administer proxy policies established by PineBridge.

For listed equity assets, PineBridge uses proxy voting procedures that are reasonably designed to ensure that it votes proxies in the best interests of its clients. These procedures are overseen by a Proxy Committee, which includes members of its legal and equity management teams and are monitored by PineBridge's Compliance Team. ISS is engaged by PineBridge to consult on and administer proxy policies. ISS maintains records of the votes and provides benchmarking of the firm's proxy guidelines and voting activity relative to other industry participants. This information is provided to the Proxy Committee which meets periodically to review shareholder issues and proxy voting activity.

PineBridge undertakes an annual review of its proxy voting guidelines to ensure that it is continuing to serve the best interests of its clients. PineBridge will disclose details of all voting activity to clients on request but does not disclose voting activity publicly.

PineBridge engages State Street's Corporate Action team to provide support with managing voluntary and mandatory corporate events. This includes receiving notifications from custodians, presenting election options to PineBridge portfolio managers, and responding to custodians with elections prior to deadlines.

PineBridge has retained ISS's customised climate service to help identify portfolio holdings where there may be a need to engage with company management on climate-related risks. While PineBridge does not take an exclusionary stance to ESG, it will continue to engage first; however, a lack of response or improvement may prompt PineBridge to exclude that particular holding.

Legal & General

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 LGIM's proxy provider votes are in accordance with its position on ESG, they have 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 their 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 them 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

Insight

Although Insight has reported no voting activities, 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 its ESG analysis is the direct information which Insight receives from companies via engagements that take place. Insight has also enhanced its stewardship programme this year, whereby Insight has prioritised the most important ESG engagement themes for 2022. Insight’s prioritised themes for this year are climate change, water management, and diversity and inclusion. Insight uses a research-led approach to identify the worst performers to initiate targeted engagement to encourage change across each of these themes.

With regards to its holdings in corporate bonds, in 2021, Insight conducted 1,214 engagements with corporate bond issuers, including derivative counterparties, of which 68% incorporated discussions of environmental, social and governance (ESG) issues.

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.

Franklin Templeton

Franklin Templeton does not consult with clients if it retains voting authority. Its voting decisions are based on instructions given by the investment management team. Franklin Templeton does not use proxy voting services.

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below. Please note the following:

- The Scheme disinvested from PineBridge on 10 August 2021, therefore the voting data for PineBridge in the table below represents the part-period from 1 April 2021 to 10 August 2021.
- The Scheme invested with Legal & General on 17 August 2021, however Legal & General was not able to provide the voting data for the part-period from the Scheme's investment, therefore we have included the data for the full Scheme Year in the table below.

	Fund 1 (up to 10 August 2021)	Fund 2
Manager name	PineBridge Investments	Legal & General Investment Management
Fund name	Global Dynamic Asset Allocation Fund	All World Equity Index Fund
Total size of fund at end of the Scheme Year	£456.7m	£3,927.7m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0.0m / 0.0% (the Scheme fully disinvested ~£16.8m on 10 August 2021)	£23.9m / 15.7%
Number of equity holdings at end of the Scheme Year	715	3,833
Number of meetings eligible to vote	623	6,519
Number of resolutions eligible to vote	9,501	64,607
% of resolutions voted	84.9%	99.7%
Of the resolutions on which voted, % voted with management	92.1%	80.7%
Of the resolutions on which voted, % voted against management	6.5%	18.1%
Of the resolutions on which voted, % abstained or withheld from voting	1.4%	1.3%
Of the meetings in which the manager voted, % with at least one vote against management	43.0%	60.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.04%	9.6%

3.3 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.

PineBridge

Most significant votes were determined by PineBridge's team examining the combination of our engagement level with the company, flagging of proxy votes by ISS, importance of relative ESG issues and votes against management. Details are set out in the table on the next page.

PineBridge "most significant" votes	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5
Company name	ERG SpA	Accor SA	Amazon.com, Inc.	Alphabet Inc.	Dino Polska SA
Date of vote	13/04/2021	13/04/2021	17/05/2021	27/05/2021	27/05/2021
Approximate size of holding at vote date (% of portfolio)	0.34%	0.13%	1.06%	0.54%	0.13%
Summary of the resolution	Approve Restricted Stock Plan	Authorise Share Repurchase Program	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director	Elect Supervisory Board Member
How you voted	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No, it is our policy not to communicate our intent ahead of the vote				
Rationale for the voting decision	No disclosure of clear performance targets and vesting thresholds.	Concerns around the share repurchase program continuing during a takeover period.	A vote AGAINST this proposal is warranted. While CEO pay is not excessive, compensation for other NEOs includes large grants of time-vesting restricted shares, and incentive programs lack objective performance metrics and quantified goals. Although magnitude concerns are mitigated to a certain degree by the company's strong performance, the subjective nature of the incentive program is nonetheless problematic.	Concerns around poor stewardship of the company's pay programs as evidenced by recurring and significant executive compensation concerns.	The company failed to disclose the nominees' names.
Outcome of the vote	Against	For	For	For	For

LGIM

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	Alibaba Group Holding Limited	The Procter & Gamble Company	Microsoft Corporation	Visa Inc.	Apple Inc.
Date of vote	17/09/2021	12/10/2021	30/11/2021	25/01/2022	04/03/2022
Approximate size of holding at vote date (% of portfolio)	0.39%	0.50%	3.60%	0.50%	3.69%
Summary of the resolution	Elect Director Joseph C. Tsai	Elect Director David S. Taylor	Elect Director Satya Nadella	Elect Director Alfred F, Kelly, Jr	Report on Civil Rights Audit
How you voted	Against	For	Against	Against	For
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 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.				
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	A vote in favour is applied as the company will be splitting the role of Chairman and CEO from the 1st of November 2021.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
Outcome of the vote	For	For	For	For	For