

VWRI UK Pension Scheme

2021 SIP Implementation Statement

Introduction

Under regulatory requirements now in force, 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 2021 to 31st December 2021 have been followed; and
- b) A description of any voting behaviour by or on behalf of the Trustee during the Scheme year.

Summary of recent SIP updates

There have been no changes to the SIP over the reporting period.

Summary of the Scheme's Engagement Policy

The Trustee believes that good stewardship is an important part of general scheme governance. Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

Included below is a summary of the Trustee's Engagement Policy (last updated in August 2020):

- Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers. The Trustee expects their investment managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.
- The Trustee's investment advisors assess the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee on an annual basis covering how the investment managers have acted in line with this policy. When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.
- Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments, which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

How has the engagement policy been followed?

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 Invesco and AQR funds, and later in the year those within the Amundi and Man funds. In general, AQR and Man hold equities for a relatively short period, reducing the scope for engagement. 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, AQR, Invesco, 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 that the voting policies for the Scheme have been adequately followed over the period. A summary of Amundi, AQR, Invesco, LGIM and Man's voting behaviour is shown below, including their use of proxy voting. Their respective voting behaviour each cover the period in which the Scheme was invested with them, specifically:

- **LGIM (global equity fund):** 1 Jan – 31 Dec 2021
- **Invesco:** 1 Jan – 4 Jun 2021
- **AQR:** 1 Jan – 7 Oct 2021
- **Amundi:** 4 Jun – 31 Dec 2021
- **Man:** 12 Oct – 31 Dec 2021

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.

All the Scheme's investment managers are signatories to the UN Principles of Responsible Investment (UN PRI). AQR is rated A, and Invesco, Man, Amundi and LGIM have achieved an A+ rating (the highest rating awarded by the UN PRI).

Voting behaviour

The Scheme invests only in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship.

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, only a maximum 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 2021	£9,513,938.38
Number of equity holdings at period end	69
Number of meetings eligible to vote	15
Number of resolutions eligible to vote	227
% of resolutions voted	88%
% of resolutions voted with management	84%
% of resolutions voted against management	16%
% of resolutions abstained	0%
% of meetings with at least one vote against management	40%
% 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. Analysis from ISS, Glass Lewis, and ECGS is available to more efficiently identify problematic resolutions, while retaining complete autonomy from their recommendations. In most cases, voting rights are exercised by correspondence/proxy. Attending a General Meeting to directly exercise voting rights may be useful or necessary in certain cases.

Most significant votes

As determined at the Amundi level, a significant vote can be determined through the following criteria:

- Shareholder proposals of an E or S nature.
- Vote of all items for meetings of issuers that have been noted as a conflict of interest as per our voting policy (see below).
- Emblematic votes, as encountered by the voting analysts from time to time (linked for example to controversies that have been highly mediatized).

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

Company name	Pfizer Inc.
Approx. size of fund’s holding at date of vote	0.25%
Summary of resolution	Report on Political Contributions and Expenditures
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	Increased disclosure would allow shareholders to more fully assess risks presented by the Company's lobbying activities
Outcome of vote	The team systematically monitors the results of previous meetings during subsequent engagements with the issuer as well as when making voting decisions at general meetings. The lack of response from the Board of Directors of an issuer that has received significant opposition to certain resolutions, in particular those related to executive compensation, may lead us to vote against the re-election of directors.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	See Amundi’s above criteria for a significant vote

Company name	General Motors Company
Approx. size of fund’s holding at date of vote	0.23%
Summary of resolution	Link Executive Pay to Social Criteria
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	Amundi considers that Executive compensation must ensure the alignment of the interests of the executive managers with those of the shareholders and those of the company's other stakeholders (notably the employees), within the scope of social and environmental responsibility. The evolution of compensation over time must therefore be consistent with the trends observed in the company's financial and non-financial performance. Amundi is vigilant on the inclusion of ESG criteria in the variable remuneration, and therefore supports this proposal.
Outcome of vote	The team systematically monitors the results of previous meetings during subsequent engagements with the issuer as well as when making voting decisions at general meetings. The lack of response from the Board of Directors of an issuer that has received significant opposition to certain resolutions, in particular those related to executive compensation, may lead us to vote against the re-election of directors.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be "significant"?	See Amundi's above criteria for a significant vote

Company name	Intel Corporation
Approx. size of fund's holding at date of vote	0.05%
Summary of resolution	'Report on Global Median Gender/Racial Pay Gap': That the Company disclose its global median gender pay gap across race and ethnicity, including base, bonus, and equity compensation
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 disclosure would be useful to shareholders' understanding of how this subject is managed by the Company.

Outcome of vote	The team systematically monitors the results of previous meetings during subsequent engagements with the issuer as well as when making voting decisions at general meetings. The lack of response from the Board of Directors of an issuer that has received significant opposition to certain resolutions, in particular those related to executive compensation, may lead us to vote against the re-election of directors.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	See Amundi’s above criteria for a significant vote

AQR

Key Voting Statistics	
Value of Trustee assets as at 31 December 2021	£9,030,981.77 (as at 6 Oct 2021, the date before full disinvestment)
Number of equity holdings at period end	856 (as at 6 Oct 2021)
Number of meetings eligible to vote	690
Number of resolutions eligible to vote	7,945
% of resolutions voted	97%
% of resolutions voted with management	94%
% of resolutions voted against management	6%
% of resolutions abstained	0%
% of meetings with at least one vote against management	23%
% of resolutions where manager voted contrary to recommendation of proxy adviser	1.1%
Any use of proxy voting services during the period?	ISS; Glass Lewis

Most significant votes

AQR does not currently differentiate between significant or non-significant votes, and generally votes all proxies. However our portfolio companies may request reactive engagement on certain votes based on their assessment of significance. We are working on implementing a policy for defining significant votes and expect to be able to report on this in the future.

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 2021	GBP-unhedged: £7,342,279.44 GBP-hedged: £7,126,050.54 Total: £14,468,329.98
Number of equity holdings at period end	2,201
Number of meetings eligible to vote	2,078
Number of resolutions eligible to vote	26,204
% of resolutions voted	99.91%
% of resolutions voted with management	80.14%
% of resolutions voted against management	19.71%
% of resolutions abstained	0.15%
% of meetings with at least one vote against management	77.05%
% of resolutions where manager voted contrary to recommendation of proxy adviser	13.41%
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. For more details, please refer to the Voting Policies section of this document.

Most significant votes

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

Company name	Facebook, Inc.
Approx. size of fund's holding at date of vote	1.35% / 1.32% Hedged vs Unhedged
Summary of resolution	Resolution 1.9 Elect Director Mark Zuckerberg
How manager voted	Withhold
Where manager voted against management, did the manager communicate intent to company ahead of 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.

Brief rationale for 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 are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of vote	97.2% of shareholders supported the resolution.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Company name	JPMorgan Chase & Co.
Approx. size of fund’s holding at date of vote	0.81% / 0.79% Hedged vs Unhedged
Summary of resolution	Resolution 1c Elect Director Todd A. Combs
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 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.
Brief rationale for 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 are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of vote	96.1% of shareholders supported the resolution.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Company name	Wells Fargo & Company
Approx. size of fund's holding at date of vote	0.26% / 0.27% Hedged vs Unhedged
Summary of resolution	Resolution 7 Report on Racial Equity Audit
How manager voted	LGIM voted for the resolution (management recommendation: 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 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.
Brief rationale for voting decision	Diversity: 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 vote	12.9% of shareholders supported the resolution.
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Invesco

Key Voting Statistics	
Value of Trustee assets as at 31 December 2021	£6,249,369.22 (as at 3 Jun 2021, the date before disinvestment)
Number of equity holdings at period end	313 (as at 3 Jun 2021)
Number of meetings eligible to vote	236
Number of resolutions eligible to vote	3,977
% of resolutions voted	98.21%
% of resolutions voted with management	91.78%
% of resolutions voted against management	8.22%
% of resolutions abstained	0.41%
% of meetings with at least one vote against management	48.28%
% of resolutions where manager voted contrary to recommendation of proxy adviser	4.84%
Any use of proxy voting services during the period?	No

Most significant votes

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

Company name	Wolters Kluwer NV
Is this one of your top 5 (or 10) holdings?	>1% Invesco Ownership
Summary of resolution	Authorize Board to Exclude Preemptive Rights from Share Issuances
How manager voted	For (In Line With Management)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A
Brief rationale for voting decision	A vote FOR this proposal is warranted because it is in line with commonly used safeguards regarding volume and duration.
Outcome of vote	Pass
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be "significant"?	>1% Invesco ownership and includes key ESG proposal

Company name	Woodside Petroleum Ltd.
Is this one of your top 5 (or 10) holdings?	>1% Invesco Ownership
Summary of resolution	Approve the Amendments to the Company's Constitution Proposed by Market Forces
How manager voted	Against (In Line With Management)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	N/A
Brief rationale for voting decision	A vote AGAINST this resolution is warranted, as the request to amend the company's constitution is potentially broad with no regulatory framework to oversee shareholder proposals. The company believes its current engagement process provides valuable feedback to the company on its strategies, affairs and outlook which provides the company with the information and flexibility to adjust both its strategy and its external reporting of that strategy and operations to respond appropriately to the prevailing expectations of its shareholders and stakeholders.
Outcome of vote	Fail

On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	>1% Invesco ownership and includes key ESG proposal
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Company name	Eurofins Scientific SE
Is this one of your top 5 (or 10) holdings?	>1% Invesco Ownership
Summary of resolution	Approve Creation of Class C Beneficiary Units and Amend Articles of Association
How manager voted	Against (Against Management)
Where manager voted against management, did the manager communicate intent to company ahead of vote?	Dialogue with portfolio companies is a core part of the investment process. Invesco may engage with investee companies to discuss ESG issues throughout the year or on specific ballot items to be voted on. In some instances we may choose to communicate our voting intentions to company's ahead of the shareholder meeting, where appropriate.
Brief rationale for voting decision	A vote AGAINST this item is warranted because the creation of class C beneficiary units deviates from the one-share-one-vote principle, because loyal shareholders get an additional loyalty share that has one vote.
Outcome of vote	Pass
On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be “significant”?	>1% Invesco ownership and includes key ESG proposal

Man

Key Voting Statistics	
Value of Trustee assets as at 31 December 2021	£10,483,721.20
Number of equity holdings at period end	1,542
Number of meetings eligible to vote	51
Number of resolutions eligible to vote	456
% of resolutions voted	100.00%
% of resolutions voted with management	90.79%
% of resolutions voted against management	9.21%
% of resolutions abstained	0.00%
% of meetings with at least one vote against management	31.37%

% of resolutions where manager voted contrary to recommendation of proxy adviser	0.00%
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 ESG 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

Given the short period of time in which the Scheme was invested in Man for the reporting period, the Man fund only had two significant votes during this time. The details of both votes were the same and included in the table below.

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.

Company name	
Is this one of your top 5 (or 10) holdings?	N/A
Summary of resolution	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement
How manager voted	For
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No

<p>Brief rationale for voting decision</p>	<p>A key component of our ESG Proxy Voting Policy is shareholder proposals. Our policy is particularly supportive of positive environmental and social-related shareholder proposals and the Stewardship Team reviews all shareholder proposals to ensure that our voting instructions are appropriate and aligned with the promotion of higher ESG principles and standards. We think that active voting, particularly through shareholder proposals, is essential to our stewardship responsibilities and a powerful way of making our investee companies to think and act on important topics.</p>
<p>On which criteria – with reference to PLSA guidance – has the manager assessed this vote to be "significant"?</p>	<p>Support for shareholder climate proposal</p>