

Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023 (the “Scheme Year”)

The Trustees of the West of England Ship Owners Insurance Services Ltd Retirement Benefits Scheme (the “Scheme”) are required to produce a yearly statement to set out how the Trustees have followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year.

Introduction

In consultation with the Employer, the Trustees’ voting and engagement policies were reviewed and updated in December 2022 and incorporated into the SIP in March 2023.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the year by continuing to delegate to their investment managers the exercise of their rights and engagement activities and by appointing managers who appear to have strong stewardship policies and processes.

Voting and engagement

The Trustees implement and have implemented the Scheme’s stewardship as follows:

The Scheme’s investment adviser includes in its advice on the selection and retention of investment managers an assessment of the latter’s approach to voting and engagement and to financially material considerations (including climate change and other ESG considerations).

In August and December 2022 the Trustees received training from their advisers on the DWP’s Stewardship Guidance, following which they decided that their stewardship priorities for the Scheme were: Climate change, Diversity, Equity & Inclusion and Remuneration and so reported to their investment managers. Relative to the Scheme’s investment portfolio, including the bulk annuity policy provided by Aviva, the Scheme’s investment in listed equities is small.

Description of voting behaviour during the Scheme Year

The Trustees’ holdings in listed equities are solely in L&G’s Low Carbon Transition Global Equity pooled fund. The Trustees have delegated to L&G the exercise of their voting rights during the year. The L&G policies for the Scheme’s equity manager are:

- [Investment stewardship & governance | LGIM Institutional](#)

L&G reviews its voting and engagement activities annually, incorporating feedback from its clients. It holds an annual stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) express their views directly to the members of the L&G Investment Stewardship team. These views form a key consideration as L&G develops its voting and engagement policies.

All voting and engagement decisions are made by L&G’s Investment Stewardship team 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.

The Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to vote. It does not outsource any part of its strategic decisions. L&G uses ISS recommendations but purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G’s position on ESG, L&G has put in place a custom voting policy with specific voting instructions that apply to all markets globally. L&G retains the ability in all markets to override any vote decisions, which are based on its custom voting policy.

A summary of L&G’s voting behaviour over the Scheme Year is provided in the table below.

L&G	
Fund name	Low Carbon Transition Global Equity Index Fund
Total size of fund at end of the Scheme Year	£4,038m
Value of Scheme assets at end of the Scheme Year (£)	£2.5m (or 6% of the Scheme's invested assets)
Number of equity holdings at end of the Scheme Year	2,837
Number of meetings eligible to vote	4,687
Number of resolutions eligible to vote	47,232
% of resolutions voted	99.9%
Of the resolutions on which voted, % voted with management	79.2%
Of the resolutions on which voted, % voted against management	20.5%
Of the resolutions on which voted, % abstained from voting	0.4%
Of the meetings in which the manager voted, % with at least one vote against management	65.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.9%

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have, through their investment advisers, retrospectively created a shortlist of the most significant votes by requesting L&G through them to provide such shortlist using the PLSA's criteria¹ for creating it. L&G determines the voting situations it deems to be significant to include in the list. Its choice is not limited to high profile votes which have such a degree of controversy that there is high client and/or public scrutiny but may include votes where there is significant client interest which has been directly communicated by clients to the Investment Stewardship team, sanction votes as a result of a direct or collaborative engagement and votes linked to an L&G engagement campaign in line with L&G's 5-year ESG priority engagement themes

In this statement the Trustees report on three of these votes which they have decided are the most significant of the ten shortlisted by L&G. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees. The three votes were:

Amazon.com, Inc., 24 May 2023

- **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps
- **Relevant stewardship priority:** Remuneration and Diversity, Equity & Inclusion
- **Approximate size of the fund's holding at the date of the vote:** 1.8%
- **Why this vote is considered to be most significant:** L&G views gender diversity as a financially material issue for its clients, with implications for the assets they manage on their behalf.
- **Company management recommendation:** Against resolution. **Fund manager vote:** For resolution.
- **Rationale:** A vote in favour was applied as L&G expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as they believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
- **Was the vote communicated to the company ahead of the vote:** Yes.
- **Outcome of the vote and next steps:** This resolution failed. L&G will continue to engage with the company and monitor progress.

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](#). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Tencent Holdings Limited, 17 May 2023

- **Summary of resolution:** Elect Jacobus Petrus (Koos) Bekker as Director
- **Relevant stewardship priority:** Climate Change
- **Approximate size of the fund's holding at the date of the vote:** 0.5%
- **Why this vote is considered to be most significant:** L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors. This vote also relates to one of the Trustees' chosen stewardship priorities – Climate Change.
- **Company management recommendation:** For resolution. **Fund manager vote:** Against resolution.
- **Rationale:** A vote against was applied as the company is deemed to not meet minimum standards with regard to climate risk management.
- **Was the vote communicated to the company ahead of the vote:** Yes.
- **Outcome of the vote and next steps:** This resolution passed. L&G will continue to engage with the company and monitor progress.

NVIDIA Corporation, 22 June 2023

- **Summary of resolution:** Elect Director Stephen C. Neal
- **Relevant stewardship priority:** Diversity, Equity & Inclusion
- **Approximate size of the fund's holding at the date of the vote:** 1.4%
- **Why this vote is considered to be most significant:** L&G views gender diversity as a financially material issue for its clients, with implications for the assets they manage on their behalf.
- **Company management recommendation:** For resolution. **Fund manager vote:** Against resolution.
- **Rationale:** A vote against was applied as L&G expects a company to have at least one-third women on the board. In addition, a vote against was applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- **Was the vote communicated to the company ahead of the vote:** Yes.
- **Outcome of the vote and next steps:** This resolution failed. L&G will continue to engage with the company and monitor progress.

3.3.4 Votes in relation to assets other than listed equity

Besides L&G's voting, one other asset manager who does not hold listed equities, but invests in assets that had voting opportunities during the Scheme Year is **Alcentra European Direct Lending Fund II**

Where Alcentra has equity holdings in loan deals, it is not frequently asked to vote. This is because the arrangements are set up so that the loanee can pass any shareholder resolutions needed without Alcentra's participation. Alcentra's rights are also usually limited to certain minority protections.

Where Alcentra owns companies – either alone or in with other stakeholders – then it exercises control by requiring the board to seek investor consent for matters that Alcentra wants to approve. This is usually done via the Alcentra representative on the board rather than having a formal shareholder vote.