

The Whiteley Pension Scheme

Engagement Policy Implementation Statement

Financial Year Ending 5 April 2024

Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Statement of Investment Principles (‘SIP’) have been followed during the year to 5 April 2024 (the “Scheme Year”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place, in the context of the investment objectives it has set.

As set out in the SIP, the Trustee’s primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The objectives set out above provide a framework for the Trustee when making investment decisions.

Policy on ESG, Stewardship and Climate Change

The Trustee understands that it must consider all financially relevant factors in making investment decisions on behalf of the Scheme. However, the Trustee may also consider any non-financial factors, to the extent that they have the ability to impact the financial results of the Scheme’s investments over the duration of the Scheme, if it believes that such factors reflect the views of members.

The Trustee recognises that ESG factors, including climate change, can all influence the investment performance of the Scheme’s portfolio and it is therefore in members’ and the Scheme’s best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated appropriately.

The Scheme’s SIP sets out the Trustee’s policies on ESG factors.

The SIP was not updated over the Scheme Year and the Scheme’s current SIP, dated 27 September 2022, sets out the Trustee’s policies on these factors. The SIP is available online at:

<https://members.pensionpal.co.uk/WhiteleyPensionScheme>

We have set out the Trustee’s policies on ESG factors, including climate change and stewardship, in Appendix 1 to this Statement. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially.

Scheme’s Investment Structure

The majority of the Scheme’s assets are held in a Trustee Investment Policy (TIP) through Mobius Life Limited (Mobius). The Mobius TIP facilitates investments into a range of underlying pooled funds managed by third party investment managers. Mobius policyholders hold unit-linked insurance policies which should be treated as pooled investments.

The Trustee has no direct relationship with the Scheme’s underlying investments managers held through the Mobius TIP.

By investing through Mobius, the Scheme benefits from discounted investment manager fees and the ability to make changes to investments quickly and efficiently.

The Scheme also retains a direct investment in the Schroders Capital UK Real Estate Fund (SREF).

The Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice received from its investment advisor, Mercer.

Trustee Engagement

Mercer's quarterly performance reports include Mercer's ESG scores for the funds in which the Scheme is invested. These scores reflect Mercer's view on how the managers incorporate ESG factors into the management of their funds and help the Trustee to determine whether further action should be taken in respect of specific funds.

The Trustee monitors the development of these scores over time, and also considers Mercer's ESG scores when undertaking an investment strategy review and when considering new investment funds, as has been done recently as part of the process of reviewing the investment strategy.

The Trustee is satisfied that Mercer's ESG scores for the funds held by the Scheme are satisfactory in the context of the mandates of the funds.

As the Trustee has no direct relationship with the Scheme's underlying investment managers (with the exception of the SREF), the engagement initiatives are driven by investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies' Annual General Meetings.

The information in the Appendix shows that the Scheme's managers engaged with a large number of investee companies on a wide range of issues.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available in the links below:

Schroder:

<https://www.schroders.com/en-gb/uk/institutional/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/>

abrdn:

<https://www.abrdn.com/en-us/intermediary/sustainable-investing>

Columbia Threadneedle:

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment>

Legal & General:

<https://group.legalandgeneral.com/en/sustainability/responsible-investing>

All the Scheme's investment managers are signatories of the UK Stewardship Code as follows:

Manager	Signatory Since
Schroder	2021
abrdn	2021
Columbia Threadneedle	2022
Legal & General	2021

Taking all the above into consideration, the Trustee is satisfied that Responsible Investment is central to the investment managers' approaches to investing.

Voting Activity

If the Trustee is specifically invited to vote on a matter relating to the corporate policy, it would exercise its right in accordance with what it believes to be in the best interests of the majority of the Scheme's members.

Over the Scheme Year, the Trustee has not been asked to vote on any specific matters and therefore has not cast any votes.

As noted earlier, apart from the SREF, the Trustee has no direct relationship with the pooled funds the Scheme is ultimately invested in, and therefore the Trustee has no voting rights in relation to the Scheme's investments and no direct ability to influence the investment managers of the pooled funds. Furthermore, the SREF is a property fund and contains no voting rights. As a result, the Trustee does not directly use the services of a proxy voter as this is not relevant.

Appendix 2 sets out a summary of the key voting activity over the financial year of the pooled funds in which the Scheme's assets are ultimately invested, for which voting is possible (i.e., those funds which include equity holdings). This includes information on what the investment managers consider to be a significant vote. The Trustee has no influence on the managers' definitions of significant votes but has noted these and is satisfied that they are reasonable and appropriate.

The Trustee has identified that climate change and carbon neutrality is its most important stewardship priority and therefore determined that votes in relation to this subject are most significant.

Appendix 2 shows those votes supplied by the investment manager which the Trustee determines to be a significant vote – i.e. those that are in relation to climate change and carbon neutrality. The Trustee has applied a size filter on grounds of materiality and only considered votes to be significant if in relation to a company that constitutes 0.25% or more of the specific fund.

Assessment of how the engagement policies in the SIP have been followed for the year to 5 April 2024

The Trustee is satisfied that the engagement policies set out in the SIP, which was in place over the year, have been followed.

Appendix 1 – Policy on ESG, Stewardship and Climate Change

The policies below are included within the 27 September 2022 SIP:

Financially Material Considerations

The Trustee considers many risks which it anticipates could impact the financial performance of the Scheme's investments over the Scheme's expected lifetime. Such risks are set out in the next section of this statement.

The Trustee recognises that environmental, social and corporate governance ("ESG") factors, such as climate change, can influence the investment risk and return outcomes of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process.

The Trustee further recognises that investing with a manager which approaches investments in a responsible way and takes account of ESG related risks may lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken. Therefore, other factors being equal, the Trustee would seek to invest in funds which incorporate ESG principles.

In setting the investment strategy, the Trustee has prioritised funds which provide leveraged protection against movements in the Scheme's liability value and also funds which provide actively managed diversification across a wide range of investment markets and consider the financially significant benefits of these factors to be paramount.

The Trustee notes that ESG considerations are not paramount to the first level decision making process within the funds which provide either actively managed diversification or leveraged liability protection. However, in the actively managed Diversified Growth Funds in which the Scheme invests, whilst managers typically do not put ESG considerations at the heart of the asset allocation decision, they will embed ESG considerations into the management of the underlying asset classes where it is appropriate to do so.

The Trustee will review its approach to ESG on an ongoing basis to make sure that the policy evolves in line with emerging trends and developments.

The Trustee is therefore satisfied that ESG factors are appropriately reflected in the overall investment approach.

Non-Financial Matters

The Trustee has determined that the financial interests of the Scheme members are the first priority when choosing investments.

It has decided not to consider non-financial considerations, such as ethical views, or to take members' preferences into account when setting the investment strategy for the Scheme.

Stewardship

The Scheme is invested solely in pooled investment funds. The Trustee's policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund

investment managers and expects the investment managers to use their discretion to act in the long-term financial interests of investors.

If the Trustee is specifically invited to vote on a matter relating to corporate policy, it would exercise its right in accordance with what it believes to be the best interests of the majority of the Scheme's membership.

If a new investment manager is selected, the Trustee will consider the Investment Adviser's ESG score, which incorporates an assessment of engagement and voting as part of the process.

Appendix 2 – Voting and Engagement Activity

This Appendix sets out a summary of the key voting and engagement activity of the pooled funds in which the Scheme’s assets are ultimately invested.

Engagement:

Fund	Total Engagements	Significant Engagements*
Schroder Life Diversified Growth Fund	1,402	670
Abrdn Diversified Growth Fund	Not provided	Not provided
L&G Active Corporate Bond – All Stocks Fund	84	46
Columbia Threadneedle LDI	15	11

Sourced by Mobius from the investment managers

* The engagements are considered significant because they relate to climate change and carbon neutrality.

In relation to the SREF, Schroder does not provide overall engagement numbers but notes that it invests in direct real estate, and engagement is integral and continuous with a range of stakeholders including occupiers, communities, service providers, environment and investors. Schroder seeks regular and ongoing engagement to ensure a good occupational experience to help and retain tenants. Its Sustainability Requirement for Property Managers includes key performance indicators on tenant engagement for Property Managers responsible for day-to-day tenant relationship. Alternatively, engagement could be through membership to industry groups i.e. Better Buildings Partnership (BBP) and their members’ commitment to achieve Net Zero Carbon by 2050.

Voting:

Manager/ Fund	Proxy voter used?	Voting information	Most significant votes (description)	Significant votes*
Schroder Life Diversified Growth Fund	In Q4 2023 Schroder switched vendor from ISS to Glass Lewis (GL) who act as its one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroder receives recommendations from GL in line with its own bespoke guidelines, in addition, it receives GL's Benchmark research. This is complemented with analysis by Schrodgers’ in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.	Votes in total: 14,566 resolutions eligible for (93.89% votes cast) Votes against management endorsement: 10.72% of votes cast. Abstentions: 0.4% of votes cast	Schroder believes that all resolutions when it votes against the board’s recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.	Alphabet Inc Shareholder Resolution - “Report on Framework to Assess Company Lobbying Alignment with Climate Goals” Date of vote: 2 June 2023 Size of holding: 0.7% of portfolio Voting: For Resolution Manager Rationale: “Shareholders would benefit from additional disclosure on how the company’s lobbying activities align to its climate goals and how it addresses any misalignment with its trade associations and other indirect lobbying activities.” Where you voted against management, did you communicate your intent to the company ahead of the vote: : “We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board’s recommendations.” Vote Outcome: Resolution failed Next steps: “We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.”
abrdn Diversified Growth Fund	abrdn utilises the services of Institutional Shareholder Services (ISS) for all voting requirements and has a bespoke policy in place with ISS.	Votes in total: 8,546 resolutions eligible for (97.31% votes cast)	abrdn has identified five categories of votes it considers as significant and has ordered these based on its view of their importance:	Alphabet Inc Shareholder Resolution - “Report on Framework to Assess Company Lobbying Alignment with Climate Goals” Date of vote: 2 June 2023 Size of holding: 0.29% of portfolio

Manager/ Fund	Proxy voter used?	Voting information	Most significant votes (description)	Significant votes*
	<p>Information on abrdn's voting policy is available at: https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf</p>	<p>Votes against management endorsement: 12.65% of votes cast.</p> <p>Abstentions: 0.53% of votes cast</p>	<p>Significant Vote Category 1 ('SV1'): High Profile Votes</p> <ul style="list-style-type: none"> • Focus on votes which received public and press interest with a focus on large, active holdings • Focus on votes which reflect significant governance concerns regarding the company • Resolutions proposed by abrdn <p>Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions</p> <ul style="list-style-type: none"> • Votes on shareholder E&S proposals where abrdn has engaged with the proponent or company on the resolution • Votes on management-presented E&S proposals • Focus on shareholder proposals where abrdn has voted contrary to management recommendations <p>Significant Vote Category 3 ('SV3'): Engagement</p> <ul style="list-style-type: none"> • Focus on resolutions where abrdn has engaged with the company on a resolution • Focus on resolutions where post-engagement abrdn voted contrary to its custom policy <p>Significant Vote Category 4 ('SV4'): Corporate Transactions</p> <ul style="list-style-type: none"> • Focus on selected votes which have a financial impact on the investment with a focus on acquisitions <p>Significant Vote Category 5 ('SV5'): Votes contrary to custom policy</p> <ul style="list-style-type: none"> • Focus on large active holdings where abrdn has voted contrary to custom policy following analysis 	<p>Voting: For Resolution</p> <p>Manager Rationale: "Misalignment of publicly stated positions and lobbying activities, direct or indirect, can undermine associated objectives and damage reputation. Alphabet has an ambitious net zero goal and has links to numerous organisations involved in policy advocacy to varying degrees. The request is not unduly onerous and would supplement the report requested under item 6 for enhanced lobbying disclosure. We supported a similar resolution at the 2022 annual meeting and remain of the view that a vote in favour is warranted."</p> <p>Where you voted against management, did you communicate your intent to the company ahead of the vote: "We do not track the specific votes where we communicated our intent prior to voting - To enhance our analysis we will often engage with companies held in our active portfolios prior to voting to understand additional context and explanations, particularly where there are concerns related to an agenda. We endeavour to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Given the concentration of AGMs, we may not always be able to communicate intentions and rationale ahead of a vote. We may therefore follow up after a vote to encourage improvement where it is needed in advance of future general meetings."</p> <p>Vote Outcome: Resolution failed</p> <p>Next steps: "Due to the concentration of votes that we conduct we do not track specific next steps/implications for each vote. We will assess each company and the voting outcomes on a case by case basis. Where necessary we may follow up after a vote to encourage improvement where it is needed in advance of future general meetings. We will continue to monitor the company to ensure sufficient progress against any material issue(s) is being made. If we have serious concerns around a companies approach to certain issues we can and may deploy a number of other escalation strategies."</p> <p>Amazon.com Inc</p> <p>Shareholder Resolutions:</p> <ol style="list-style-type: none"> 1. "Report on Climate Risk in Retirement Plan Options" 2. "Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines" 3. "Report on Climate Lobbying" <p>Date of votes: 24 May 2023</p> <p>Size of holding: 0.29% of portfolio</p> <p>Voting: Against Resolution 1. For Resolutions 2 and 3.</p> <p>Manager Rationale:</p> <ol style="list-style-type: none"> 1. "Employees should be able to invest retirement savings in a manner that aligns with their preferences, and it appears that it is possible for the company's employees to do so at this time. A vote against this proposal is therefore warranted." 2. "As part of the drive for a more environmentally sustainable economy it is important that companies consider the work force and other stakeholders. We recognise the steps that the company has taken to set goals to reduce its GHG emissions and separate initiatives to support employees and communities. We acknowledge that there are limited agreed reporting standards in this area; however, failure to fully manage the transition could result in disruption to the business and have a negative impact on employees and other stakeholders. To ensure the company manages these risks, improved reporting and the associated increase in oversight would be beneficial. As a result, a vote in favour is warranted." 3. "Amazon published a climate-aligned lobbying report in 2022 and takes steps to mitigate potential misalignment. However, Amazon still states it may directly, or indirectly through trade association membership oppose legislation or public policy initiatives that further the objectives of the Paris Agreement. A vote for this resolution is warranted as lobbying contrary to the objectives of the Paris Agreement can impede the energy transition and slowdown the progress of the company's climate policy. We encourage the

Manager/ Fund	Proxy voter used?	Voting information	Most significant votes (description)	Significant votes*
				<p>company to address potential misaligned of its corporate positions and to analyse the positions of climate positions taken by trade associations."</p> <p>Where you voted against management, did you communicate your intent to the company ahead of the vote: As above</p> <p>Vote Outcome: All resolutions failed</p> <p>Next steps: As above</p> <p>Microsoft Corporation</p> <p>Shareholder Resolution - "Report on Climate Risk in Retirement Plan Options"</p> <p>Date of vote: 7 December 2023</p> <p>Size of holding: 0.61% of portfolio</p> <p>Voting: Against Resolution</p> <p>Manager Rationale: "Microsoft offers a diverse range of funds and offers the option to pursue individual retirement objectives, based on risk tolerance and ESG considerations. Microsoft's 401(k) plan is overseen by a management-level fiduciary committee, which already accounts for risks related to climate change. The group also implements a near term net zero target by 2030 and is approved by the Science-Based Targets Initiative. Microsoft has a diverse investment retirement range, has oversight for climate risks in retirement options, and has company-wide commitments to mitigate its impact on climate change. A vote against is therefore warranted."</p> <p>Where you voted against management, did you communicate your intent to the company ahead of the vote: N/a</p> <p>Vote Outcome: Resolution failed</p> <p>Next steps: N/A</p>

Note: The information in the table has been provided by the investment managers and covers 12 months to 31 March 2024.

* All are considered significant because they relate to climate change and carbon neutrality and are in relation to a company that constitutes 0.25% or more of the specific fund