

## **Pension and Life Assurance Plan of Kentmere Limited ('the Scheme') – Implementation Statement**

### **Purpose**

This statement provides information on how, and the extent to which, the Trustees' policies have been followed from 1 October 2022 to 30 September 2023 ('the reporting period') in relation to a) the exercising of rights (including voting rights) attached to the Scheme's investments, and b) engagement activities. In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting period.

The Trustee has appointed LBG to obtain voting and investment engagement information on the Scheme's behalf.

### **Background**

Following requirements in relation to Environmental, Social and Governance ('ESG') and voting issues, the Trustees documented their policies in a Statement of Investment Principles dated January 2024.

### **Investment Objectives of the Scheme**

The Trustees' believe it is important to consider the policies in place in the context of the investment objectives they have set. The Trustees are required to invest the Scheme's assets in the best interest of the members, beneficiaries and the Employer and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this context, the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed.

The Scheme is run on a fully insured basis with Clerical Medical as the sole provider. The Scheme invests in a With Profits policy (the "Policy") with Clerical Medical, who in turn invests in a range of underlying funds, in order to meet the investment objectives of the Policy. The Trustees acknowledge they have no control over the funds held within the Policy, but their aim is to obtain diversification across a number of different asset classes, as delivered by the Policy.

The Trustees' objectives are as follows:

- To make sure that the Trustees' can meet the obligations which have been promised to the beneficiaries of the Scheme by the Employer;
- To ensure consistency with the Scheme's funding arrangements;
- To pay due regard to the Employer's interest in the size and incidence of the Employer's contribution payments.

### **The Trustees' current policy in relation to voting and engagement**

The Trustee has delegated responsibility for the exercise of rights attached to the Scheme's investments to Clerical Medical and encourages them to engage with appointed fund managers and investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Clerical Medical provides information to the Trustee on their actions in relation to engagement and use of voting rights. The Trustee is therefore aware of the policies adopted by the investment managers.

### **Adherence to the Statement of Investment Principles**

During the reporting period the Trustees' are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Clerical Medical over the period, invested the Policy in 22 underlying funds, delegating the management of the Policy assets to the following fund managers:

- ABRDN FUND MANAGERS LIMITED.
- NORDEA INVESTMENT FUNDS S.A.
- BNY MELLON / INSIGHT INVESTMENT FUNDS MANAGEMENT LIMITED
- BLACKROCK FUND MANAGERS LIMITED; and
- SCHRODER INVESTMENT MANAGEMENT LIMITED

## **Voting Activity**

Based on information provided by LBG a summary of the key points, where available is set out below.

### **Abrdn - Global Absolute Return Strategies Fund:**

- Abrdn view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as share blocking.
- Abrdn identify and record what they consider to be the most significant votes across all their holdings.
- Members of their Central ESG Investment Function carry out a monthly review to identify and categorise significant votes.

<b>VOTING STATISTICS (APPLICABLE TO THE SCHEME'S REPORTING PERIOD)</b>	<b>Response</b>
How many meetings were you eligible to vote at?	22
How many resolutions were you eligible to vote on?	283
What % of resolutions did you vote on for which you were eligible?	81.98%
Of the resolutions on which you voted, what % did you vote with management?	82.33%
Of the resolutions on which you voted, what % did you vote against management?	17.67%
Of the resolutions on which you voted, what % did you abstain from voting?	0.00%
In what % of meetings, for which you did vote, did you vote at least once against management?	76.47%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	13.79%

### **Abrdn - Scottish Widows - Emerging Markets Paris-aligned Index Equity Tracker Fund**

Voting policy information was provided, but no detailed voting breakdown.

### **Abrdn - Scottish Widows - Fundamental Index Emerging Markets Equity Fund**

Voting policy information was provided, but no detailed voting breakdown.

### **Nordea Asset Management - Diversified Return Fund**

- NAM vote based on the best interests of unitholders. In all its activities, Nordea's funds shall act in the best interests of the customer, and act honestly, fairly and professionally.
- NAM have an aggregated voting strategy in place.
- Nordea's Corporate Governance Principles defines how they act in corporate governance-related matters and set the rules for which strategies apply and how the voting of the shares owned by the funds shall take place. A Corporate Governance Committee has been set up in order to ensure appropriate handling of the corporate-governance matters, and the operational responsibility rests with the Corporate Governance Function (outside the investment organization). The Corporate Governance Function cooperates very closely with Nordea Asset Management's Responsible Investment Team, which oversees our work on responsible investment together with the investment organisation.
- Assessment of shareholder ESG proposals is made on a case-by-case basis.
- They aim to support proposals aiming to protect or enhance long-term shareholder value creation, to improve transparency on material ESG issues and to address material ESG risks that have emerged. On climate proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate-related risks, they will generally be positive.
- Their voting power will be used in cases of company's failure to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents.

<b>VOTING STATISTICS (APPLICABLE TO THE SCHEME'S REPORTING PERIOD)</b>	<b>RESPONSE</b>
How many meetings were you eligible to vote at?	197
How many resolutions were you eligible to vote on?	2,391
What % of resolutions did you vote on for which you were eligible?	98.83%
Of the resolutions on which you voted, what % did you vote with management?	84.60%
Of the resolutions on which you voted, what % did you vote against management?	8.72%

Of the resolutions on which you voted, what % did you abstain from voting?	Abstain 0.13%) + Withhold (1.52%) = 1.65%
In what % of meetings, for which you did vote, did you vote at least once against management?	65.48%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS.

### **Newton Investment Management Limited - BNY Mellon Real Return Fund:**

- Newton aim to ensure that the decisions surrounding the exercise of ownership rights are aligned with their investment thesis as well as with our clients' expectations.
- Stewardship activities are fundamental to the investment solutions they provide to clients. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Their long-term approach to investing aligns with their stewardship intentions by seeking to understand and influence the long-term sustainability of the investments and investment landscape.
- Newton's holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds.

VOTING STATISTICS (APPLICABLE TO THE SCHEME'S REPORTING PERIOD)	RESPONSE
How many meetings were you eligible to vote at?	78
How many resolutions were you eligible to vote on?	1287
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	89.2%
Of the resolutions on which you voted, what % did you vote against management?	10.8%
Of the resolutions on which you voted, what % did you abstain from voting?	0%
In what % of meetings, for which you did vote, did you vote at least once against management?	45%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Newton utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform. They do not maintain a voting policy with ISS. We apply their own voting guidelines.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	7.0%

### **SSTL ADF SW Emerging Markets**

Managed by SCHRODER INVESTMENT MANAGEMENT LIMITED

- Votes are based on research in line with Schroders' house voting policy, voting decisions are reported on their website.
- Schroders vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).
- They aimed to implement a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.
- We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.
- ISS automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process.
- If Schroders believes it should override the recommendations of the third party in the interests of the fund/client and vote in a way that may also benefit, or be perceived to benefit, its own interests, then Schroders will obtain the approval of the decision from the Schroders' Global Head of Equities with the rationale of such vote being recorded in writing.
- Where Schroders has a conflict of interest that is identified, it is recorded in writing, whether or not it results in an override by the Global Head of Equities.

VOTING STATISTICS (APPLICABLE TO THE SCHEME'S REPORTING PERIOD)	RESPONSE
How many meetings were you eligible to vote at?	440
How many resolutions were you eligible to vote on?	4,405
What % of resolutions did you vote on for which you were eligible?	98%
Of the resolutions on which you voted, what % did you vote with management?	88%
Of the resolutions on which you voted, what % did you vote against management?	11%
Of the resolutions on which you voted, what % did you abstain from voting?	5%
In what % of meetings, for which you did vote, did you vote at least once against management?	43%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0% (12 Proposals)

### **Other Funds**

In respect of the SCOT WIDOWS UT MGR UK ALL SHARE TRACKER X ACC, no voting or engagement data was provided by BLACKROCK FUND MANAGERS LIMITED.

SCOTTISH WIDOWS PL POOLED PROP ACS FUND 2 PENSION - Due to the nature of the underlying holdings, there was no voting information to report.

It was confirm that for all other funds no voting or engagement data was available.

### **Compliance with the policy over the period**

As the holder of units within a With Profits policy with Clerical Medical, there are no voting rights through which the Trustees are able to exercise these voting rights on behalf of members of the Scheme. Clerical Medical invests in a range of underlying funds, in order to meet the investment objectives of the Policy, Clerical Medical believe the best approach to voting is to delegate the execution to the appointed underlying investment managers.

The Trustees have received information on the voting activity that has been carried out on their behalf and on behalf of the Policy, on an annual basis and are comfortable with the decisions taken.

It was in all instances summarised engagement and voting information was provided and for each of the underlying funds this may not be in line with the Scheme's reporting period, however the Trustees note they have limited ability to change the scope of the data reported.

Over the course of 2023, the Trustees are pleased to report that they have, in their opinion, adhered to the policies set out in their SIP.