

Engagement Policy Implementation Statement (“EPIS”)

W.R. Swann & Co. Limited Retirement Benefits Scheme (the “Scheme”)

Scheme Year End – 30 June 2023

The purpose of the EPIS is for us, the Trustees of the W.R. Swann & Co. Limited Retirement Benefits Scheme, to explain what we have done during the year ending 30 June 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”).

It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that our stewardship policy, as set out in the SIP, has been implemented effectively.

We delegate the management of the Scheme’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies align with our stewardship expectations.

As well as reviewing the activity of our fiduciary manager, we have also reviewed the voting and engagement activity carried out on our behalf by the underlying investment managers appointed by Aon. Based on the information provided we believe our voting rights have been implemented effectively on our behalf. Most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and we believe the activities completed by the underlying investment managers align with our stewardship expectations.

How our stewardship policy has been followed

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis, via the monitoring portal – IRIS, and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available, via the monitoring portal – IRIS.

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:
<https://www.swann-morton.com/company.php>

The Scheme is invested entirely in pooled funds via Aon, and the responsibility for voting and engagement is delegated to the Scheme's underlying investment managers, which is in line with the Trustees' policy.

We have reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found later in this report.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary manager's engagement activity

We delegate the management of the Scheme's assets to our fiduciary manager, Aon. Aon manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Underlying manager's voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise its voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Scheme's material fund with voting rights for the year to 30 June 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM Developed Factor Equity Index Fund	11,596	99.9%	20.7%	0.1%

Source: LGIM

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's material equity manager uses proxy voting advisers.

	Description of use of proxy voting adviser (in the managers' own words)
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") '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.

Source: LGIM

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's material equity investment manager to provide what it considers to be the most significant votes in relation to the Scheme's fund. Information on these significant votes can be found in the Appendix.

Underlying managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material underlying managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
LGIM Developed Factor Equity Index Fund	279	1,224	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Remuneration
Aegon Asset Management ("Aegon") European Asset Backed Securities (ABS) Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment
M&G Sustainable Total Return Credit Investment Fund	7	157	Environment - Climate change, Net Zero Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Remuneration, Leadership – Chair/CEO
Pacific Investment Management Company ("PIMCO") Climate Bond Fund	>190	>1,800	Environment - Climate change Governance - Board effectiveness – Diversity, Remuneration Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Strategy, Financial and Reporting - Capital allocation, Financial performance, Strategy/purpose
Robeco SDG Credit Income Fund	11	252	Environment - Climate change, Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Other Other - SDG Engagement
BlackRock Absolute Return Bond Fund	391	3,886	Environment - Climate Risk Management, Operational Sustainability Social - Human Capital Management, Social Risks and Opportunities Governance - Board Composition and Effectiveness, Remuneration, Corporate Strategy, Business Oversight/Risk Management
Robeco Short Dated Credit Fund	23	252	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations) Governance - Remuneration Other - SDG Engagement
Marshall Wace Llp ("MW") Market Neutral ESG TOPS Fund MW - Global Opportunities Fund			<i>Not provided</i>

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Boussard & Gavaudan ("BG") Fund ¹	20	20	Environment - Climate change, Pollution, Waste Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Independence or Oversight, Shareholder rights Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting) Other - Exit of Russian assets
Schroders - Real Estate Fund	<i>Not provided</i>	>2,800	Environment - Climate change, Pollution, Waste Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Human and labour rights (e.g. supply chain rights, community relations) Governance - Remuneration, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Financial performance

Source: Managers. PIMCO and Schroders did not provide fund level themes; themes provided are at a firm-level.

¹The investment manager confirmed that BG Fund is the flagship fund, hence all the firm activity is focused on this Fund.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM, M&G and BlackRock did provide fund level engagement information but not in line with the requested format (the Investment Consultant Sustainability Working Group engagement reporting template), which our advisers consider to be industry standard.
- MW did not provide any engagement data requested, although the manager confirmed that it engaged at a firm level and provided a case study of this engagement.
- Schroders did not provide any fund level engagement information.

We note that no engagement/voting data is reported for the Scheme's alternative investments (accessed through Aon's Diversified Alternatives Strategy and Opportunities Strategy). This is because stewardship (including voting and engagement) is not relevant to the asset classes invested in through these funds (including currencies, gold and insurance-linked securities).

This report also does not include commentary on the Scheme's liability driven investments, gilt or cash investments because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by Aon in relation to the Scheme’s material equity investment manager. We consider a significant vote to be one which the manager considers significant.

LGIM Developed Factor Equity Index Fund Example 1	Company name	Alphabet Inc.
	Date of vote	02-Jun-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7%
	Summary of the resolution	Approve Recapitalization Plan for all Stock to Have One-vote per Share
	How you voted	For (against management recommendation)
	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 the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting (“AGM”) as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to monitor the board’s response to the relatively high level of support received for this resolution.
On which criteria have you assessed this vote to be "most significant"?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	
Example 2	Company name	Wells Fargo & Company
	Date of vote	25-Apr-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
	Summary of the resolution	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	How you voted	For (against management recommendation)
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the ‘how’ rather than the ‘what’, including activities and timelines) can further focus the board’s attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own

	ambitions, rather than investors imposing restrictions on the company.
Outcome of the vote	Fail
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: Manager via Aon. Wording provided directly by underlying investment manager.