Engagement Policy Implementation Statement (“EPIS”)

The Eaton-Williams Group Pension and Assurance Scheme

Scheme Year End – 31 December 2022

The purpose of the EPIS is for us, the Trustees of The Eaton-Williams Group Pension & Assurance Scheme (the “Scheme”), to explain what we have done during the Scheme year ending 31 December 2022 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 the policies set out in the SIP have been implemented effectively.

In our view, the Scheme’s underlying investment managers (chosen by Aon as our fiduciary manager) were able to disclose adequate evidence of voting and/or engagement activity. We believe the engagement activity carried out by Aon as our fiduciary manager aligns with our stewardship priorities and that our voting policy has been implemented effectively.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. With the help of our advisers, we reviewed the stewardship activity of the material underlying investment managers carried out over the Scheme year and in our view, most of the underlying investment managers were able to disclose adequate evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment manager can be found in the following sections.

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

During the year, we were presented with Aon's annual stewardship report, discussing some of the key activity over the year.

Each year, with the help of our advisers, we review the voting and engagement policies of the Scheme's underlying investment managers. In addition, we review Aon's annual stewardship report to ensure their policies 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.eatonwilliamspensions.com/pdf/ew.pdf

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 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 Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Schroder Investment Management ("Schroders") did not provide the engagement information requested for our investment in its Securitised Fund. The manager noted that evaluating a securitized product differs from assessing a going-concern corporation. Additionally, the manager highlighted that engagement in terms of, e.g., labour rights, board diversity, and shareholder rights do not apply to its securitized products. Our fiduciary manager, Aon, will engage with Schroders to better understand its engagement practices and discuss the potential areas which may be behind those of its peers.

2. While Legal and General Investment Management Limited ("LGIM") and BlackRock did provide a comprehensive list of fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested. as per the Investment Consulting Sustainability Working Group ("ICSWG") industry standard engagement reporting template, and also did not provide firm-level engagement information. Our Fiduciary Manager will continue to engage with these managers to encourage improvements in their engagement reporting.

Our fiduciary manager’s engagement activity

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

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

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

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

In 2021, AIL 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).

AIL 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.

Our managers' 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. 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 their 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 each of the Scheme's material funds with voting rights for the year to 31 December 2022.

	Number of resolutions eligible to vote on	**% of resolutions voted**	**% of votes against management**	**% of votes abstained from**
Legal and General Investment Management Limited ("LGIM") - Multi Factor Fund	11,634	99.7%	20.3%	0.2%
BlackRock – Emerging Markets Equity Fund	32,753	97.0%	12.0%	4.0%

Source: Managers

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 managers uses proxy voting advisers.

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.

	Description of use of proxy voting adviser(s)
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 LGIM do not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM 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.
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of BlackRock's active investors, public information and ESG research.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, the Scheme's underlying investment managers were asked to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our 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 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 fund invested in by the Scheme

Funds	**Number of engagements**		**Themes engaged on at a fund-level**
	Fund specific	Firm level	
LGIM – Multi Factor Equity Fund	279	Not provided	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 and Remuneration.
BlackRock – Emerging Markets Equity Fund	450	Not provided	Environment - Climate Risk Management. Governance - Corporate Strategy, Board Composition and Effectiveness, Business Oversight/Risk Management and Governance Structure and Executive Management.
Robeco - Sustainable Development Goals ("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. Others - SDG Engagement
Schroders plc – International Selection Fund ("ISF") Securitised Credit Fund	Not provided	>2800	Social (Community Relations and Culture), Environment (Communications), Environment – Waste, Sustainable Development, Collaboration & Community and others.
Aegon Asset Management ("Aegon") - European ABS Fund	132	441	Environment - Climate change. Others - General disclosure (Where we are seeking additional information from the relevant transaction parties on practices or products to make our own proprietary ESG assessment of a certain issuer.)
Leadenhall – Insurance Linked Securities	309	321	Environment - Climate change. Governance - Remuneration, Shareholder rights, Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks), Reporting (e.g. audit, accounting, sustainability reporting).

Source: Managers.

Data limitations

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

- Schroders did not provide the engagement information requested however it did provide a detailed breakdown of its policy for engaging on securitised products, with some examples of engagement at a firm level.
- LGIM and BlackRock did provide fund level engagement information but not in the industry standard template. Additionally, the managers did not provide any firm level engagement information.

This report does not include commentary on the Scheme’s investments in gilts and cash 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 the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

LGIM – Multi Factor Equity Fund	**Company name**	Eli Lilly and Company
	Date of vote	02-May-2022
	How the manager voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	Did the manager communicate its intent to the company ahead of the 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.
	Summary of the resolution	Resolution 7 - Require Independent Board Chair
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~0.9%
	Outcome of the vote	Fail
	Rationale for the voting decision	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered 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).
BlackRock – Emerging Markets Equity Fund	**Company name**	Grupo Financiero Banorte SAB de CV
	Date of vote	23-May-2022
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Not provided
	Summary of the resolution	Approve Cash Dividends of MXN 6.08 Per Share
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided
	Outcome of the vote	Pass
	Rationale for the voting decision	Not provided
	Implications of the outcome	Not provided
	Criteria on which the vote is considered significant?	BIS looks to company boards to have a clearly defined role in overseeing executive leadership's approach to material risks and opportunities, and the company's strategy overall, in alignment with long-term shareholders' interests.

Source: Managers