

# Engagement Policy Implementation Statement (“EPIS”)

## Estuary Services Limited Pension Scheme (the “Scheme”)

### Scheme Period End – 31 March 2024

The purpose of the EPIS is for us, the Trustees of the Estuary Services Limited Pension Scheme (“the Trustees”), to explain what we have done during the period ending 31 March 2024 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 period, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, the Scheme’s material investment managers were able to disclose good evidence of voting (where relevant) and engagement activity, and the activities completed by our managers align with our stewardship expectations.

## 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, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Scheme period and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

We receive regular investment updates from our investment consultant, Aon Investments Limited ("Aon"), including on matters relating to responsible investment. Ongoing monitoring takes different forms, including investment performance monitoring, ad-hoc market updates and annual investment risk disclosures.

At the July 2023 meeting, we received training from Aon, on the latest guidance from the Department for Work and Pensions (DWP), on how it expects trustees to approach stewardship, consideration of financially material ESG factors and non-financial factors and how they report on these matters through the SIP and EPIS. Both documents were amended in line with the DWP guidance.

At the October 2023 meeting, the annual Cost and Transparency data collated for the Scheme by ClearGlass was discussed. Our investment consultant delivered training in relation to climate change risk, in addition to sharing carbon exposure data relating to the underlying funds the Scheme invests in.

The Scheme's stewardship policy can be found in the SIP: [EstuarySIPJuly2023Clean.pdf \(pla.co.uk\)](#)

## 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. While LGIM did provide a comprehensive list on fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard. Our investment advisors will continue to engage with LGIM to better understand its engagement practices and discuss the areas that are behind those of its peers.
2. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own. Where necessary, we will invite investment managers to a meeting to get a better understanding of their voting and engagement practices and how these help us fulfil our own policies.

### 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 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. 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 their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Scheme's material fund with voting rights for the period to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - All World Equity Index GBP Hedged and Unhedged	64,058	99.9%	20.2%	0.5%

Source: LGIM. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

### 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 equity holding manager uses proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Legal & General Investment Management (LGIM)	LGIM's Investment Stewardship team uses ISS's '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

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's equity holding investment manager 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.

### 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

### 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.

## 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.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
LGIM - All World Equity Index GBP Hedged and Unhedged	898	2,500	Environment - Climate Impact Pledge; Climate Change; Deforestation Social - Gender Diversity; Income Inequality; Public Health Governance - Remuneration; Board Composition; Nominations and Succession Other - Corporate Strategy; Company Disclosure and Transparency; COVID-19
LGIM - UK Credit Long Dated	62		Environment - Climate Change; Climate Impact Pledge Social - Income Inequality; Gender Diversity Governance - Remuneration; Board Composition Other - Corporate Strategy; Company Disclosure and Transparency
PIMCO - Diversified Income	267	1,355	Environmental - Climate Change; Natural Resource use/impact Social - Human and Labour Rights; Inequality; Conduct, Culture and Ethics. Governance - Board Effectiveness - Diversity; Board Effectiveness. - Independence/Oversight; Board Effectiveness - Other; Leadership - Chair/CEO; Remuneration Strategy, Financial and Reporting - Capital Allocation; Financial Performance; Strategy/Purpose

Source: Managers.

## Data limitations

At the time of writing, LGIM did provide fund-level engagement information but not in line with the best practice industry standard ICSWG guide. Additionally, the engagement examples provided were less detailed than required by this template.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or 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 manager. 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:

<b>LGIM - All World Equity Index GBP Hedged and Unhedged</b>	<b>Company name</b>	Alphabet Inc.
	<b>Date of vote</b>	02 June 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	1.2
	<b>Summary of the resolution</b>	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	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 AGM as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
	<b>On which criteria have you assessed this vote to be most significant?</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Source: LGIM