

Wyko Group Retirement Benefit Scheme Implementation Statement – April 2024

Why have we produced this Statement?

The Trustee of the Wyko Group Retirement Benefit Scheme have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

The Trustee last reviewed the SIP in December 2023.

What is the purpose of this Statement?

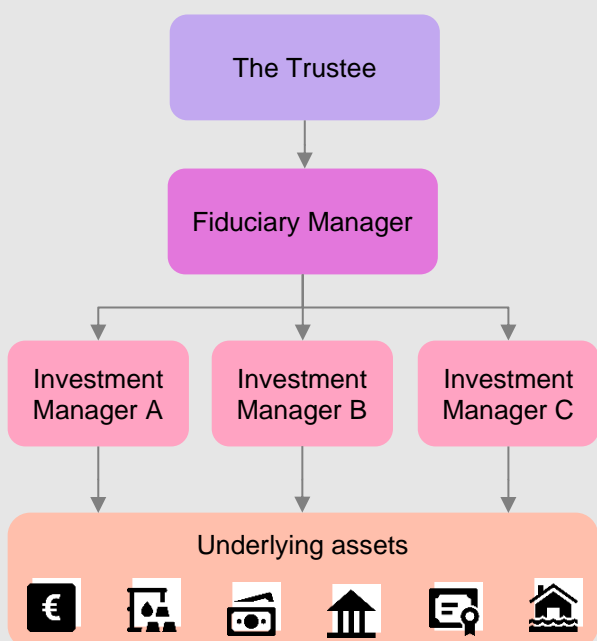
1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached to the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

The Trustee has made the following changes to the SIP over the year:

- Expanded policy relating to stewardship including voting and engagement
- Confirmed that financially material factors (notably ESG factors) are considered in the context of the time horizon of the Scheme's journey plan which targets full funding on a low-risk funding measure
- Defined arrangements and expectations to investment managers mandate e.g. shares in a company or government bonds.

How are the Scheme's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retains overall responsibility for the Scheme's investment strategy but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge, and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and has embedded the consideration of ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting,

the Trustee expects investment managers to address broad ESG considerations, but has identified climate change and human and labour rights as key areas of focus.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expects the Fiduciary Manager to engage with investment managers to improve their processes.

What training has the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement, the Trustee received the following training over the year:

- ESG and stewardship training in November 2023

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030 in the portfolios that it manages, including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

TWIM Global Equity Focus Fund General ESG issue

Issue: Concerns over engagement reporting and reassessment of ESG integration

Outcome: Reporting transparency on ESG front was lagging in the past year. Manager developed an engagement tracker which will assist client reporting and they appeared willing to provide more transparency. Also, the manager re-assessed their ESG integration and stewardship practices which are acceptable.

TWIM Partners Fund – Alternative Credit Manager Environment - Climate issue

Issue: Given their strategy, the manager's portfolio is heavily weighted towards high emitters. The Fiduciary Manager wanted to explore ways the manager could bring down the emissions of the portfolio over time, whilst still recognizing the challenges from their opportunity set.

The Fiduciary Manager engaged with the portfolio managers and ESG team within the strategy, including outlining their view that as distressed names are a part of this opportunity set, the manager was in a privileged position to negotiate better ESG policies and approaches with their borrowers moving forward as part of workout situations.

Outcome: The manager took feedback on board positively and as one example, has negotiated with a company to develop a plan to shut down a part of its coal fired plants in the coming years, managing risk for investors in the company given regulations in the country.

The manager is looking for opportunities to enhance the ESG policies and approaches with borrowers. We are continuing to engage with the manager on its reporting and ESG integration.

TWIM Partners Fund – Private Equity Manager General ESG issue

Issue: As has been typical historically for private equity exposures, this manager wasn't measuring or providing ESG metrics to investors including carbon emissions at a Fund level. We have worked directly with private markets managers more broadly to increase data collection across the portfolio, to improve data coverage of metrics such as carbon emissions, reducing the need to use public market proxies in estimating the climate exposures of these strategies.

Outcome: The manager took our engagement on board positively and their annual sustainable investment report for 2023 now includes carbon emissions reporting, while they also now have impact KPIs for the underlying portfolio companies. We have reflected this positive development in a higher sustainable investment rating of the manager (now High).

What are the voting statistics we provide?

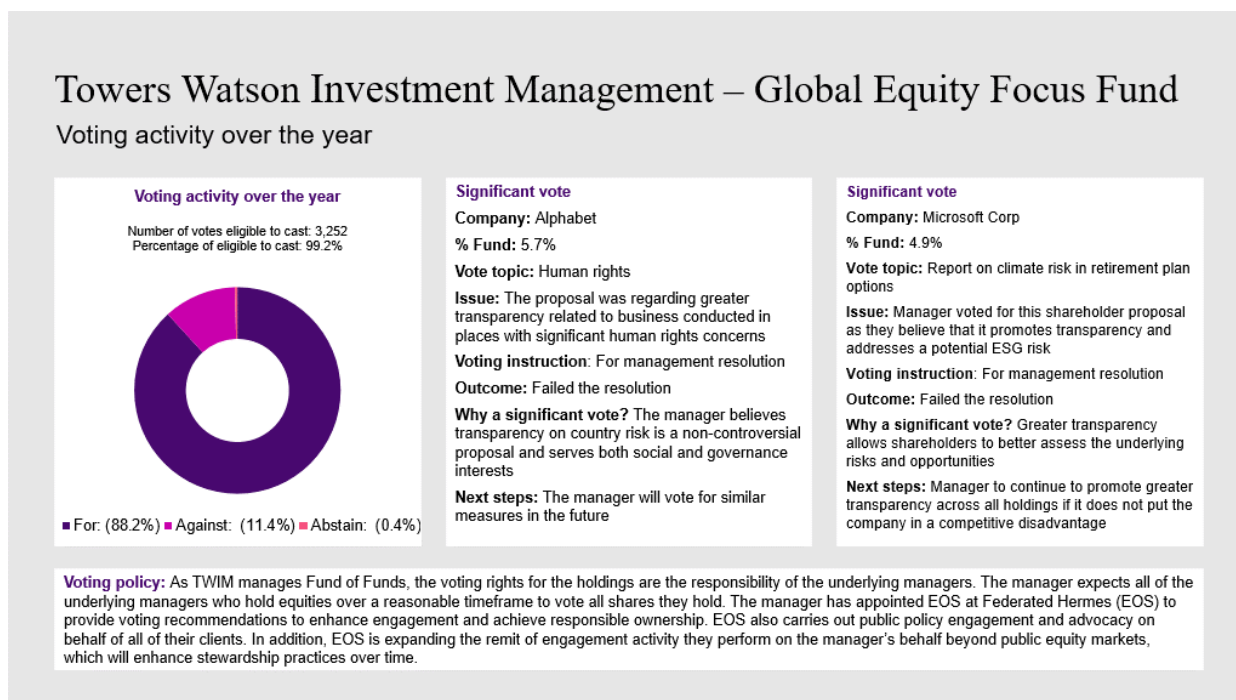
The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee's stewardship priorities (climate change, and human and labour rights)
- Financial outcome for members, including size of holding
- High profile vote

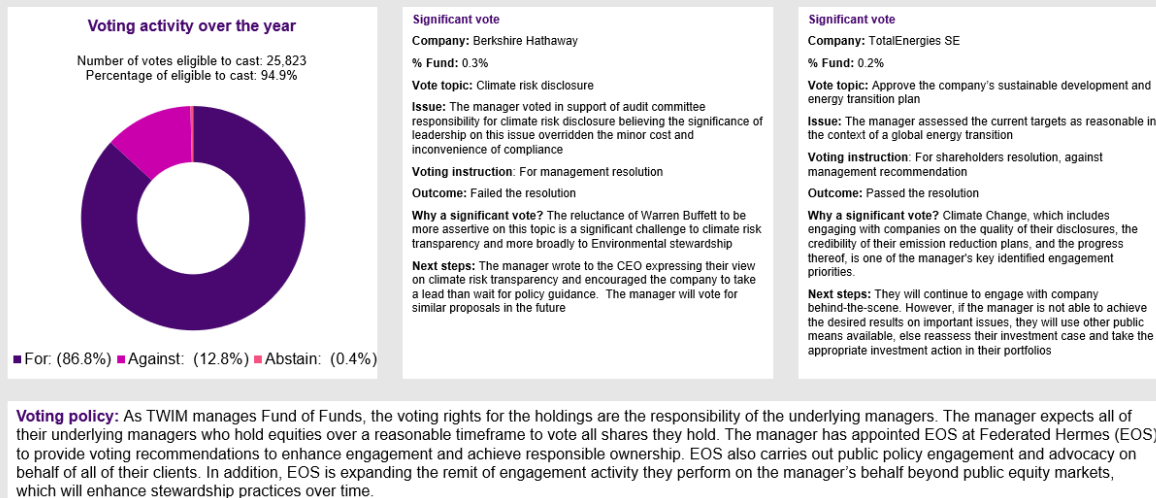
The Scheme is invested in mostly active (trying to outperform the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

Voting activity over the year to 30 April 2024



Towers Watson Investment Management – Towers Watson Partners Fund

Voting activity over the year



In conclusion...

...The Trustee is satisfied that over the year, all SIP policies and principles were adhered to, in particular those relating to voting and engagement