

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Alwen Hough Johnson Pension and Assurance Scheme
Scheme Year	1 April 2022 to 31 March 2023
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme's investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

No growth funds were held at the Scheme Year end but the Baillie Gifford Multi-Asset Growth Fund and LGIM Diversified Fund were held during the scheme year. Therefore, we include analysis on them in this report.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds included an allocation to equities during the Scheme Year. Where equities are held, the investment manager has the entitlement to vote.

During the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Baillie Gifford Multi-Asset Growth Fund
- LGIM Diversified Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP., and a summary is as follows:

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies, the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2022.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment managers based on the period ending 31 December 2022* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment managers used by the Scheme are UNPRI signatories.

**Note the voting analysis was over the year ending 31 December 2022 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment managers' voting approach over the Scheme Year.*

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

The Investment Managers' Voting Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote / abstained
Baillie Gifford	14,000	92%	4%	5%
LGIM	150,000	76%	23%	1%

Notes

Split of votes may not sum to 100% due to rounding.

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2022 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

ISS = Institutional Shareholder Services

IVIS = Institutional Voting Information Service

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

The Investment Managers' Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management");
- the votes they cast in the year to 31 December 2022 on the most contested proposals in nine categories across the UK, the US and Europe;
- the investment managers' policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment managers with their peers over the same period.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

Baillie Gifford

Baillie Gifford has a tendency to support management proposals. To some extent Baillie Gifford's active management style provides justification; it supports the management of companies it has chosen to invest in. Possibly though, the voting record indicates some over-confidence in management boards.

In the wake of poor performance of many of Baillie Gifford's holdings, the manager has been less supportive of high executive pay in recent quarters.

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

Baillie Gifford has held companies to account on climate change issues and has opposed director proposals in this area which were deemed not to go far enough. There are also signs that Baillie Gifford is adopting a more supportive stance towards shareholder proposals aimed at tackling social issues. However, a failure to support a proposal looking to find out how plastic use by Amazon could be reduced will disappoint some - a message which the Investment Adviser has reported back to Baillie Gifford.

LGIM

LGIM has a greater tendency than many other investment managers to oppose management in closely contested votes. The high incidence of opposition is consistent with the broad range of policies covered within LGIM's corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how greenhouse gas emissions will be reduced).

The Trustees have no concerns regarding LGIM's voting record.

The Trustees' Investment Advisers provide regular feedback to the Scheme's investment managers where online voting disclosure is lacking or where an investment manager's voting behaviour differs materially from their peers.

Conclusions

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of the managers.

The Trustees will keep the voting actions of the investment managers under review.

P Whittome

..... Date: 28 September 2023

Signed on behalf of the Trustees of the Alwen Hough Johnson Pension and Assurance Scheme

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	ISIN	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM	Baillie Gifford
MODERNA INC	US60770K1079	28/04/2022	Appoint the Auditors	75	24	Not held	For
WORLDLINE SA	FR0011981968	09/06/2022	Renew Appointment of Deloitte & Associates as Auditor	77	23	Against	Not held
VERTEX PHARMACEUTICALS INCORPORATED	US92532F1003	18/05/2022	Appoint the Auditors	77	23	For	Not held
SARTORIUS STEDIM BIOTECH SA	FR0013154002	29/03/2022	Approve Auditors' Special Report on Related-Party Transactions	20	80	Not held	For
GRIFOLS SA	ES0171996087	09/06/2022	Renew Appointment of KPMG Auditors as Auditor of Consolidated Financial	83	17	Against	Not held
SHAFTESBURY PLC	GB0007990962	04/02/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital	70	29	For	Not held
FERRARI NV	NL0011585146	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against	Not held
VIVENDI SA	FR0000127771	25/04/2022	Authorize Specific Buyback Program and Cancellation of Repurchased Share	71	29	Against	Not held
UNIVERSAL MUSIC GROUP N.V.	NL00150001Y2	12/05/2022	Issue New Shares for Long-Term Incentive Plan	78	21	Against	Not held
DASSAULT SYSTEMES SE	FR0000130650	19/05/2022	Authorize Capital Increase of Up to EUR 10 Million in Connection with Contribution	79	21	Against	Not held
THE COCA-COLA COMPANY	US1912161007	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against	Abstain
THE TIX COMPANIES INC.	US8725401090	07/06/2022	Advisory Vote on Executive Compensation	48	49	Against	Not held
ORANGE SA	FR0000133308	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	Against	Not held
SYMRISE AG	DE0005YM9999	03/05/2022	Approve the Remuneration Report	53	47	Against	Not held
STELLANTIS N.V.	NL00150001Q9	13/04/2022	Approve the Remuneration Report	43	47	Against	Not held
INTEL CORPORATION	US4581401001	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	Against	Not held
LEGRAND SA	FR0010307819	25/05/2022	Elect Edward A. Githuly - Non-Executive Director	57	43	Against	Not held
CREDIT SUISSE GROUP	CH0012138530	29/04/2022	Discharge the Board for Fiscal 2020	36	60	Against	Not held
CSX CORPORATION	US1264081035	04/05/2022	Elect John J. Zillmer - Chair (Non Executive)	61	38	Against	Not held
TESLA INC	US88160R1014	04/08/2022	Elect Ira Ehrenpreis - Non-Executive Director	63	36	Against	For
BALTIC CLASSIFIEDS GROUP PLC	GB00BN44P254	28/09/2022	Approve Waiver of Rule 9 of the Takeover Code	66	34	Not held	For
DASSAULT SYSTEMES SE	FR0000130650	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Against	Not held
BASF SE	DE0005151005	29/04/2022	Approve Issuance of Convertible Bonds and Bonds without Preemptive Rights and	87	9	For	Not held
ALLIANZ SE	DE0008404005	04/05/2022	Issue Bonds	91	9	For	Not held
DEUTSCHE POST AG	DE0005552004	06/05/2022	Issue Bonds	92	8	For	Not held
GLENCORE PLC	JE00B4T3BV64	28/04/2022	Climate Progress Report	76	24	Against	Not held
CENTRICA PLC	GB008033F229	07/06/2022	Approve Climate Transition Plan	79	20	For	Not held
Royal Dutch Shell	GB00803MLX29	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Against	Not held
Bardays Plc	GB0031348658	04/05/2022	Approve Barclays' Climate Strategy, Targets and Progress 2022	80	19	Against	Not held
STANDARD CHARTERED PLC	GB0004082847	04/05/2022	Approve Net Zero Pathway	83	17	Against	For
SSP GROUP PLC	GB008GBN7C04	04/02/2022	Meeting Notification-related Proposal	79	21	Not held	For
SEGRO PLC	GB0008141045	21/04/2022	Meeting Notification-related Proposal	86	14	For	For
RECKITT BENCKISER GROUP PLC	GB0007276446	20/05/2022	Meeting Notification-related Proposal	87	12	For	Not held
ANGLO AMERICAN PLC	GB0004901517	19/04/2022	Meeting Notification-related Proposal	87	12	For	Not held
MONDI PLC	GB0081CRLC47	05/05/2022	Meeting Notification-related Proposal	88	12	For	Not held
ABBVIE INC	BRABBVBR001	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	50	49	For	Not held
NORTHROP GRUMMAN CORPORATION	US6668071029	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	For	Not held
APPLIED MATERIALS INC	US0382221051	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For	Not held
FISERV INC.	US3377381088	18/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	51	49	For	Not held
APPLE INC	US0378331005	04/03/2022	Shareholder Resolution: Report on Concurrence Clauses	49	49	For	Abstain
AMAZON.COM INC.	US0231351067	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For	Against
APPLE INC	US0378331005	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For	Abstain
AMERICAN WATER WORKS COMPANY INC.	US0304201033	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	For	Not held
EXXON MOBIL CORPORATION	US30231G1022	25/05/2022	Shareholder Resolution: Report on Scenario Analysis Consistent with International Energy Agency's Net Zero by 2050	46	45	For	Not held
WASTE MANAGEMENT INC	US94106L1098	10/05/2022	Shareholder Resolution: Report on Civil Rights Audit	54	45	For	Not held

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within the Scheme's pooled funds at the date of the vote.

ALWEN HOUGH JOHNSON PENSION AND ASSURANCE SCHEME

IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 MARCH 2023 (continued)

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most Significant Votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of Significant Votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the Significant Votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the Significant Votes.

Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote.
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder resolutions; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees are satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.