United Wire (2002) Pension Scheme

Implementation Statement

for the year ending 31 March 2023

Introduction

This implementation statement has been prepared by the Trustees of the United Wire (2002) Pension Scheme (the Scheme). The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustees over the same period, including the most significant votes cast during the year, and whether a proxy voter has been used.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 March 2023.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was not reviewed during the Scheme year. The current SIP is dated July 2020.

Investment strategy

The Scheme provides members with a range of funds, accessed through a platform arrangement, in which to invest together with some lifestyle strategies from which to make their investment choices. These aim to allow members to achieve the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

The Trustees also provide a default strategy to provide a balanced investment strategy for members who do not make an active investment choice. The current default investment strategy was implemented in November 2017. A review of the default strategy was considered in January 2022, however no action has been taken due to an ongoing review of pension arrangements by the Sponsor.

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Policies in relation to the kinds of investments to be held, the balance between various kinds of investments and the realisation of investments

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme invests in pooled funds to manage costs, diversify investments and improve liquidity.

The investment managers maintain a diversified portfolio of stocks or bonds within each of the funds offered under the Scheme (both within the default and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

As part of the review of the investment strategy and the appointment of the investment managers the Trustees discussed the degree of diversification within the strategy.

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant, particularly during periods of heightened volatility such as during the recent LDI crisis following the announcement of the Government mini-budget.

Property funds and illiquid assets, such as private equity, have been excluded from the current defined contribution investment strategy to help ensure the Scheme is able to meet potential liquidity demands.

Policy in relation to the expected return on investments

The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the Scheme's membership and having taken into account the risk considerations set out in the SIP.

Policy in relation to risks

The Trustees have considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
- the default option is not suitable for members who invest in it, and
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks.

The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.

The Trustees monitor the fees and transaction costs risks through cost disclosure documents provided by the investment consultant.

Policies in relation to their investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees, in conjunction with their investment consultant, have introduced a process to obtain and review the investment holding turnover and the associated costs incurred on the pooled funds used by the Scheme on an annual basis.

Trading costs are incurred in respect of member switches (including within the lifestyle strategy), and wider (Trustee-led) asset transfer work. The Trustees receive information on the expected costs of Trustee-led exercises as and when they occur, and the exercise is only undertaken if the expected benefits outweigh the expected costs. There was no Trustee-led switching exercise during the year.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management.

Investment manager monitoring and changes

The Trustee receive an annual update from the platform provider which details the performance of the pooled funds made available to members. There have been no changes to the Scheme's existing investment manager arrangements during the year.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

Stewardship of investments

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

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Stewardship – monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
abrdn	Yes	Yes
BlackRock	Yes	Yes
RLAM	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies and a review of each manager's voting and engagement behaviour.

The Trustees have not set out their own stewardship priorities but follow that of the investment managers.

The Trustees will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustees from time to time.

If the Trustees find any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix. These policies are publicly available on each investment manager's websites.

The latest available engagement information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

Engagement			
	BlackRock Aquila Global Equity Index (60:40)	**BlackRock Aquila UK Equity Index**	**BlackRock Aquila Consensus**
Period	01/04/2022 – 31/03/2023	01/04/2022 – 31/03/2023	01/04/2022 – 31/03/2023
Engagement definition	n/a	n/a	n/a
Number of companies engaged with over the year	2,061	2,014	2,071
Number of engagements over the year	3,284	3,210	3,298

Engagement		
	abrdn Global Absolute Return Strategies	**RL Fixed Interest Fund**
Period	01/04/2022 – 31/03/2023	01/04/2022 – 31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g., company, industry body) with the goal of encouraging change at an individual issuer and/or the goal of	n/a

	addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	
Number of companies engaged with over the year	67	n/a
Number of engagements over the year	153	n/a

n/a indicates the investment manager did not provide this information when requested

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees have been provided with details of what each investment manager considers to be the most significant votes. The Trustees have not influenced the manager's definitions of significant votes but have reviewed these and are satisfied that they are all reasonable and appropriate.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (for mandates that contain public equities) is as follows:

Voting behaviour	BlackRock Aquila Global Equity Index (60:40)	BlackRock Aquila UK Equity Index	BlackRock Aquila Consensus	abrdn Global Absolute Return Strategies
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	3,042	1,072	5,882	22

Number of resolutions eligible to vote on	39,117	14,903	65,530	283
Proportion of votes cast	94%	96%	95%	82.0%
Proportion of votes for management	93%	94%	91%	82.3%
Proportion of votes against management	6%	5%	8%	17.7%
Proportion of resolutions abstained from voting on	0%	1%	1%	0%

Notes

1. *The data provided from abrdn is specific to the Global Absolute Return Strategies Fund. It contains voting at each company that was held regardless of whether the company was an individual company bought or bought as part of a 'basket' of companies into the fund.*

Trustees' engagement

The Trustees have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy
BlackRock Investment Management	https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf
abrdn	https://www.abrdn.com/docs?editionId=50636955-103f-47cb-86e2-036aec4d30d4
Royal London Asset Management	https://www.rlam.com/globalassets/media/literature/reports/stewardship-and-responsible-investment-report-2023.pdf

Information on the most significant votes for each of the funds containing direct investment into equities is shown below.

For the BlackRock Aquila Global Equity Index (60:40) fund, BlackRock provided a list of 127 most significant votes. As the size of the fund's holding was not indicated Buck selected 3 votes against management and in relation to Climate Risk Management, Remuneration and Other Governance Related Issues.

BlackRock Aquila Global Equity Index (60:40)	Vote 1	Vote 2	Vote 3
Company name	HCA Healthcare, Inc.	Marathon Petroleum Corporation	Grupo Mexico S.A.B. de C.V.
Date of Vote	21/04/2022	27/04/2022	28/04/2022
Summary of the resolution	Report on Lobbying Payments and Policy	Amend Compensation Clawback Policy	Elect or Ratify Directors; Verify Independence of Board Members; Elect or Ratify Chairmen and Members of Board Committees
How the fund manager voted	Against	Against	Against
Rationale for the voting decision	The company already has policies in place to address the request being made by the proposal or is	The company already has policies in place to address the request being made by the proposal or is	1 - The Company does not meet our expectations of having adequate climate risk disclosures against all 4 pillars of TCFD. 2 - The company

	already enhancing its relevant policies.	already enhancing its relevant policies.	does not meet our expectations of having adequate climate-related metrics and targets. 3 - Vote against due to lack of disclosure.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe our philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin	Vote Bulletin	Vote Bulletin

For the BlackRock Aquila UK Equity Index fund, BlackRock provided a list of 69 most significant votes. As the size of the fund's holding was not indicated Buck selected 3 votes against management and in relation to Climate Risk Management, Renumeration and Business Oversight.

BlackRock Aquila UK Equity Index	Vote 1	Vote 2	Vote 3
Company name	Marathon Petroleum Corporation	Grupo Mexico S.A.B. de C.V.	Santos Limited
Date of Vote	27/04/2022	28/04/2022	03/05/2022
Summary of the resolution	Amend Compensation Clawback Policy	Elect or Ratify Directors; Verify Independence of Board Members; Elect or Ratify Chairmen	Approve Capital Protection

		and Members of Board Committees	
How the fund manager voted	Against	Against	Against
Rationale for the voting decision	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.	1 - The Company does not meet our expectations of having adequate climate risk disclosures against all 4 pillars of TCFD.2 - The company does not meet our expectations of having adequate climate-related metrics and targets. 3 - Vote against due to lack of disclosure.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Outcome of the vote	Fail	Pass	Withdrawn
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe our philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Significant Vote Proposal	Significant Vote Proposal	Significant Vote Proposal

For the BlackRock Aquila Consensus fund, BlackRock provided a list of 129 most significant votes. As the size of the fund's holding was not indicated Buck selected 3 votes against management and in relation to Operational Sustainability, Renumeration and Other Governance Related Issues.

BlackRock Aquila Consensus	Vote 1	Vote 2	Vote 3
Company name	Bank of Montreal	HCA Healthcare, Inc.	Marathon Petroleum Corporation
Date of Vote	13/04/2022	21/04/2022	27/04/2022
Summary of the resolution	SP 4: Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario	Report on Lobbying Payments and Policy	Amend Compensation Clawback Policy
How the fund manager voted	Against	Against	Against
Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.	The company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe our philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. BlackRock have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Significant Vote Proposal	Significant Vote Proposal	Significant Vote Proposal

Information on the most significant engagement case study for abrdn is shown below. BlackRock and RLAM did not supply any engagement case studies.

abrdn Global Absolute Return Strategies	**Case study 1**
Name of entity engaged with	Accenture
Topic	Labour Management
Rationale	This example was chosen because it shows how a live engagement can work. abrdn had an initial email engagement with the company then followed this up with a 1-1 conference call where they were looking to get answers to a number of questions. They left the company with some additional requests for disclosure and will follow up with the company in the future to measure progress against their requests.
What the investment manager has done	abrdn initially engaged with the company by email in April 2022 laying out their expectations for the company to increase disclosures around its management of content moderation-related risks. Specifically, they have asked for more detail to be published on a number of points. They then followed this up with a one-one conference call in July 2022 between abrdn and their Managing Director of Corporate Comms/Global Media Relations and also their General Counsel & Corporate Secretary.
Outcomes and next steps	abrdn continue to engage with the company to ensure it is taking adequate steps to address labour risks associated with its content moderation business. During their most recent engagement they discussed learning opportunities provided to content moderators as well as steps taken by Accenture to ensure its employees have frequent and on demand access to counsellors. HR teams are vigilant on ensuring people have channels to speak out and e.g., share any concerns with their career counsellor. Career counsellors are also obligated to do regular check ins with employees. Content moderators in addition have regular opportunities to connect through daily huddles and mid-day check ins and team leads. These actions play a part in ensuring employees mental health is a priority, not an afterthought. It was positive to hear the company speak openly on how it is addressing such risks and they continue to push for additional transparency. For example, the company does not publish a breakdown of turnover amongst its content moderators, which they would like to see. Engagement has provided reassurance that the company appears to be taking adequate steps and placing focus on addressing labour risks related to its content moderation business.