

Wightlink Pension Scheme Implementation Statement for the year ended 31 December 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Wightlink Pension Scheme ("the Trustees" of "the Scheme") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 December 2021 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

Over the previous year, the Trustees discussed Environmental, Social and Governance ("ESG") issues with their Adviser (XPS), including their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment manager's own equivalent policies. The Trustees' new policy was documented in the updated Statement of Investment Principles, latest dated September 2020. XPS are in the process of updating the current SIP to reflect the changes made to the allocation of the risk and growth portfolio. This year, the Trustees have been working with their investment consultant and investment manager to document some ESG related objectives within their investment management arrangements.

The Trustees' updated policy

The Trustees believe that there can be financially material risks, as well as investment opportunities, relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment manager.

The Trustees recognise that members and beneficiaries may have ethical view or views on matters such as the social and environmental impact of the Scheme's investments. In conjunction with there being practical challenges of capturing and maintaining a consensus view on multiple issues across the membership population, it is the Trustees' view that financial factors should take precedence in seeking to maximise the security of member benefits. As such, it is the policy of the Trustees not to consider the views of members and beneficiaries when taking investment decisions.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes.

The Trustees delegate responsibility for engagement in respect of investments held by the Scheme to the investment manager. The expectation is that engagement will take place with the aim of protecting or enhancing the value of the Scheme's investments.

Manager selection exercises

One of the ways in which this updated policy might be expressed is via manager selection exercises. The Trustees will assess how the investment manager(s) take financially material considerations into account in the selection, retention and realisation of investments, and this assessment will form part of the criteria for appointing, retaining or terminating the investment manager(s).

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment manager from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

During the reporting year, the Trustees, with help from XPS, considered the extent to which ESG considerations are incorporated into the investment processes of the investment manager appointed to the Scheme. The Trustees recognise that the level of ESG integration within the investment processes is dependent on the asset class in question.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment manager will have voting rights is equities. The Scheme has an allocation to a segregated growth portfolio which has exposure to equities as part of its mandate. A summary of the voting behaviour and most significant votes cast is shown below. Based on this summary, the Trustees conclude that the investment manager has exercised its delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees' relevant policies in this regard.

The Trustees also require the investment manager to report on significant votes made on behalf of the Trustees. Given the investment manager considers all votes as significant, they vote all shares globally for which they have voting authority and they provide full transparency of voting activity on their website below, the Trustees consider that this requirement is fulfilled albeit at a basic level.

https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

Engagement Activity

Standard Chartered PLC

Standard Chartered PLC is a British multinational banking and financial services company headquartered in London, England. The investment manager has engaged with Standard Chartered PLC with regards to its conviction list name which requires close scrutiny of its KYC processes, but also its lending practices, and how risk assessments are carried out in line with its position statements. A meeting with Standard Chartered generated the following outcome for the investment manager reassuring the view on the KYC practices and the performance of Standard Chartered's loan book through the Covid-19 pandemic. The financial results certainly support management's view that lending practices have tightened, with impairments so far below expectations and exposures to high-risk sectors demonstrably below prior levels. There is also no sign that loan growth is running away, with the book growing slightly below local GDP growth rates. No specific milestones at this stage, but can arrange a meeting with the company to dig deeper on these topics.

Amazon

Amazon.com, Inc. is an American multinational technology company which focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. It has been referred to as "one of the most influential economic and cultural forces in the world" and is one of the world's most valuable brands. The investment manager has flagged Amazon for monitoring and engagement around labour issues; the company has faced various critiques over the quality of its working environments and treatment of its workforce. Most recently, Amazon faced criticism over allegedly launching an aggressive anti-union drive against workers at its warehouse in Bessemer, Alabama. One issue the investment manager has concerns the disconnect between what Amazon says it is doing versus experiences directly heard from employees. The investment manager spoke to Amazon's Head of ESG Engagement to get additional detail around what is happening at its Bessemer, Alabama facility following allegations of anti-union behaviour. They received reassurance that the company provides employees with accessible channels through which to express concerns and received plausible explanations for Amazon's effort to delay the vote and also push for an in-person (vs ballot) vote. The company's Connections Program and Voice of the Associate Channel appear to demonstrate Amazon's effort to engage with its employees and listen to feedback and response rate of the former suggests some success here. The investment manager will continue to monitor the situation at Bessemer (currently ballot voting is taking place) and push for additional transparency.

BP PLC

BP PLC is a British oil and gas company headquartered in London, England. It is one of the world's seven oil and gas 'supermajors'. The investment manager gathered the following information; the company has publicly committed to publishing a more detailed approach to the 'just transition' in 2023. They identified 3 key focus areas to establish their approach: 1) reskilling and employability programmes, 2) piloting placed-based assessments and taking learnings from this, and 3) enhancing their approach to community relations and human rights. They acknowledged that further disclosure on these milestones on the way to 2023 would be helpful and agreed to consider this. The investment manager offered to continue dialogue with them to provide feedback as they develop their 'just transition' approach and agreed to speak again in the second half of the year once they've progressed this work. At their request, the investment manager also introduced them to Nick Robins at the London School of Economics, who has undertaken extensive research on the 'just transition'. The company has strong strategic commitments to mitigate risks from climate change, and it is positive to see them considering the subsequent impact on employees, consumers and communities. They are still in early planning stages but they appear to be focusing on the appropriate areas to make progress. The investment manager concluded that BP are clearly very committed to the process of developing a lower carbon business. The CEO gave a pretty strong defence of recent license acquisitions in offshore wind and also the value BP can add as an integrated operator.

Signed by Sean Hoyle, Chair of Trustees

Date: 1 July 2022

Voting Information

Aberdeen Standard Investments

The fund manager has not provided stewardship code data at present

The data below shows the fund manager's voting behaviour on those funds that have provided data.

Fund / Mandate	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?
ASI LIFE UK EQTY FUND F	741	94.6%
ABERDEEN STANDARD SICAV I ASIA PACIFIC EQTY	771	100.0%
ABERDEEN STANDARD SICAV I JAPANESE EQTY FUND	590	98.0%
ABERDEEN STANDARD SICAV I EMERGING MRKTS Equity A ACC	1,062	98.1%
ABERDEEN STANDARD SICAV I - European Equity (ex-UK) Fund	611	68.9%
ABERDEEN STANDARD SICAV I CHINA A SHS EQTY F	1,861	100.0%
ABERDEEN DIVERSIFIED INCOME AND GROWTH TST G	8,046	88.3%
ABERDEEN STAND FUND MANAGERS MULTI-ASSET CLIMATE SOLTNS INST	1,693	97.7%
ABERDEEN STANDARD INVTS LUX ABSOLUTE RETURN	1	0.0%
ABERDEEN STANDARD INVTS LUX GBL FOCUSED STRATEGIES HGD D ACC	1,623	98.2%
ABERDEEN STANDARD INVTS LUX INV GBL EQTY IMPACT DA GBP ACC	735	94.4%
ABERDEEN STANDARD INVTS LUX GBL SICAVII SMALLER CIES DA GBP	492	96.3%
ASI EUROPEAN EQTY ENH IDX B ACC	4,525	95.1%
ASI AMER EQTY ENH IDX B ACC	3,061	99.5%
ASI UK EQTY INDEX MANAGED B NET ACC	2,289	91.4%

Investment Manager Client Consultation Policy on Voting

We will consult with clients who have a segregated mandate in place.

Investment Manager Process to determine how to Vote

Our voting policy is on our website.

https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

How does this manager determine what constitutes a 'Significant' Vote?

At Abrdn we view all votes as significant and vote all shares globally for which we have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements we identify and record what we deem to be the most significant votes across all our holdings. We have identified five categories of votes we consider as significant and have ordered these based on our view of their importance. This enables us to provide a specified number of votes across a client's portfolio upon request. Members of our Central ESG Investment Function carry out a monthly review to identify and categorise significant votes. These categories and details of the underlying votes captured are as follows:

Significant Vote Category 1 ('SV1'): High Profile Votes

- Focus on votes which received public and press interest with a focus on our large, active holdings
- Focus on votes which reflect significant governance concerns regarding the company
- Resolutions proposed by Abrdn

Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

- Votes on shareholder E&S proposals where we have engaged with the proponent or company on the resolution
 - Votes on management-presented E&S proposals
- Focus on shareholder proposals where we have voted contrary to management recommendations

Significant Vote Category 3 ('SV3'): Engagement

- Focus on resolutions where we have engaged with the company on a resolution
- Focus on resolutions where post-engagement we voted contrary to our custom policy

Significant Vote Category 4 ('SV4'): Corporate Transactions

- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions

Significant Vote Category 5 ('SV5'): Votes contrary to custom policy

- Focus on large active holdings where we have voted contrary to custom policy following analysis

In addition, our voting policy can also be found on our website:

https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

Does the manager utilise a Proxy Voting System? If so, please detail.

We utilise the services of ISS for all our voting requirements.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
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No significant votes were provided by the fund manager.