

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (“EPIS”)

Wesleyan Staff Pension Scheme
(the “Scheme”)

Scheme Year End – 31 December 2024



INTRODUCTION

The purpose of the Engagement Policy Implementation Statement ("EPIS") is for Wesleyan Staff Pension Trustees Limited (the "Trustee") to explain what has been done during the year ending 31 December 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

- ▶ How the Trustee's policies in the SIP regarding asset stewardship (including both voting and engagement activity) in relation to the Scheme's investments have been followed during the year; and
- ▶ How the Trustee has exercised its voting rights or how these rights have been exercised on the Trustee's behalf, including the use of any proxy voting advisory services, and the "most significant" votes cast over the reporting year.

HOW VOTING AND ENGAGEMENT POLICIES HAVE BEEN FOLLOWED

The Scheme is invested in a segregated mandate in which the voting rights have been delegated to Wesleyan Assurance Society ("the investment manager"). This is subject to the Trustee's stewardship policy as set out in the SIP. The latest SIP can be found at <https://wesleyan.bethebrand.com/mb/B9LxO6>

The Trustee has reviewed the stewardship activity of the investment manager carried out over the Scheme year and in its view the investment manager was able to disclose sufficient evidence of voting and engagement activity. More information on the stewardship activity carried out by the investment manager can be found in the following sections of this report.

Over the reporting year, the Trustee monitored the performance of the Scheme's investments quarterly and received updates on important issues such as stewardship from the investment manager on a regular basis.

Each year, the Trustee reviews the voting and engagement policy of the investment manager to ensure it aligns with the Trustee's own policy for the Scheme.

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 and 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.

ENGAGEMENT ACTION PLAN

Based on the work completed for this EPIS, the Trustee has agreed to take the following steps over the next Scheme year:

- ▶ The Trustee will continue to engage with the investment manager to ensure that it is engaging on the Trustee's behalf in line with the policies set out in the SIP. This will include engagements on investments where voting rights are not applicable. Over the year, the Trustee notes that the investment manager engaged on only one occasion on its behalf due to lack of suitable opportunities. The Trustee appreciates that, given the investment mandates held by the Scheme, there are few significant opportunities to engage. The Trustee will continue to encourage engagement by the investment manager where there are opportunities to do so.
- ▶ The Trustee and the investment manager will meet on a bi-annual basis to gain a better understanding of the investment manager's voting and engagement practices, and how these will help the Trustee fulfil its Responsible Investment policies.

INVESTMENT MANAGER'S 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. Understanding and monitoring the stewardship that the investment manager practices in relation to the Scheme's assets is an important factor in deciding whether the investment remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustee expects the investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's assets with voting rights for the year from 1 January 2024 to 31 December 2024.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Wesleyan Staff Pension Scheme	258	100.0%	2.0%	0.3%

Source: Wesleyan Assurance Society

Use of proxy voting advisers

Many investment manager's 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 Scheme's investment manager uses Institutional Shareholder Services (ISS) for voting guidance, information and recommendations, but has an internal team to examine each vote to decide whether or not to follow ISS. Where appropriate the internal team engages with companies directly.

Significant voting examples

To illustrate the voting activity being carried out on the Trustee's behalf, the Trustee asked the investment manager to provide a selection of what it considers 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 environment 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 support.

INVESTMENT MANAGER’S ENGAGEMENT ACTIVITY

The Trustee is responsible for the investment of the Scheme’s assets, including (where relevant) fixed-interest gilts, index-linked gilts, equities, and direct property. Noting this, the Trustee delegates the day-to-day management of the assets and a number of further duties – including engagement – to the investment manager.

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 includes identifying relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision making.

The table below shows the engagement activity carried out by the Scheme’s investment manager. The investment manager has provided information for 2024.

Investment Manager	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm Level	
Wesleyan Assurance Society	1	0	Board diversity at Greencoat UK Wind

Source: Wesleyan Assurance Society

The investment manager focuses its engagement strategy on companies where it has a voting right and relevant concern. Commonly these concerns include improving board diversity and remuneration procedures. This year the investment manager engaged with one investee company.

DATA LIMITATIONS

The investment manager provided all requested information.

The report does not include commentary on the Scheme’s gilts or cash because of the limited materiality of these asset classes. This report also does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.

CONCLUSION

Based on the activity undertaken during the year, the Trustee believes that the policies set out in the SIP have been implemented effectively.

In the Trustee’s view, the Scheme’s investment manager was able to disclose good evidence of voting, that the activities completed by the investment manager align with the Trustee’s stewardship priorities and that the Trustee’s voting policy has been implemented effectively in practice.

The Trustee will continue to engage with the investment manager to ensure voting, engagement and associated stewardship obligations are met, alongside ensuring the Responsible Investment beliefs of the Trustee are aligned with the manager.

APPENDIX – SIGNIFICANT VOTING EXAMPLES

The table below includes significant vote examples provided by the Scheme's investment manager. A significant vote is considered to be one in which the manager deems significant via their discretion. The investment manager used different criteria to determine what it considers a significant vote, some of which are outlined in the examples below:

Vote 1	Company name	Schroder European Real Estate
	Date of vote	March 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.81%
	Summary of the resolution	Re-elect nomination committee chair
	How they voted	Abstain
	Where they voted against management, did they communicate their intent to the company ahead of the vote?	No, but we contacted the company in previous years to set our expectations and request information on measures in place to promote DEI at the Board level.
	Rationale for the voting decision	ISS recommended voting against, but in line with the Manager's Stewardship & Engagement Policy, they abstained.
	Outcome of the vote	For
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will they take in response to the outcome?	None
	On which criteria have they assessed this vote to be "most significant"?	The size of our shareholding and the vote contrary to management and ISS recommendations.
Vote 2	Company name	HOME REIT
	Date of vote	December 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.87%
	Summary of the resolution	Approval of Accounts and Reports
	How they voted	Abstained
	Where they voted against management, did they communicate their intent to the company ahead of the vote?	No, but we have been in communication with the company many times over the past few years regarding their general performance.
	Rationale for the voting decision	We abstained on receiving the company's financial statements to record our displeasure at the poor performance of the company. We chose not to vote against as this is a symbolic vote.
	Outcome of the vote	Against
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will they take in response to the outcome?	None
	On which criteria have they assessed this vote to be "most significant"?	The size of our shareholding, the result of the vote – a rare vote against a management proposal.

Source: Wesleyan Assurance Society



We are all about you.

Since we were founded over 180 years ago, we have cherished our mutual status. It's an integral part of who we are and with no shareholders, our focus is on members and customers. We work to benefit those who invest in our business. Not only today, but also in the future.

It's why 'we are all about you'.

A guide to the many ways in which the Wesleyan Group of companies can help you to plan, prioritise and secure your financial future.

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