

# Wightlink Pension Scheme Implementation Statement for the year ended 31 December 2024

## Purpose

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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 2024 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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During the reporting year ended 31 December 2020, 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 is documented in the latest Statement of Investment Principles, dated December 2023.

No changes were made to the Trustees’ ESG, voting or engagement policies during the reporting year.

## The Trustees’ policy on ESG and stewardship

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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 require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

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.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the Code as an indication of a manager’s compliance with best practice stewardship standards.

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

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One of the ways in which this 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).

There were no such Manager selection exercises during the reporting year.

## Ongoing governance

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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 in their ESG Ratings Report, dated September 2024, 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.

The report was discussed at the 20 December 2024 Trustee meeting. One of the areas considered by the report was stewardship, which relates to influencing a company in which the Scheme is ultimately invested via the funds held within the Scheme's portfolio. Companies can be influenced through meaningful engagement and using voting rights to drive long term positive change in their policies and practices. The report rated each investment manager organisation in this area and on ESG matters overall. It was concluded that the ESG capabilities of the investment managers were satisfactory for the Scheme overall, but noted that some practices could be improved upon for some of the funds in which the Scheme invests. ESG issues will be kept under review as part of the quarterly monitoring process and the Trustees will communicate their concerns with the relevant investment manager organisations when, for example, they present at meetings.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

## Adherence to the Statement of Investment Principles

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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

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The main asset class where the investment manager will have voting rights is equities., The Scheme has exposure to equities through a selection of pooled fund investments.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.

The Trustees require the investment manager to report on significant votes made on behalf of the Trustees. The investment manager provided the investment adviser with the selection of votes which they deemed as significant over the reporting year. A selection of these are set out below.

Please note that all information provided on voting activity has been written by the Investment Managers, and this is reflected in the use of "we" throughout. Any views expressed are not necessarily those of the Trustees.

The information below has been provided by aberdeen.

Voting Information		
aberdeen 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?
ABERDEEN EVOLVE WORLD EQUITY INDEX FUND	4,475	89.8%
ABERDEEN DIVERSIFIED GROWTH AND INCOME FUND	8,500	98.1%
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. <a href="https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf">https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf</a>		
How does this manager determine what constitutes a 'Significant' Vote?		
<p>At aberdeen 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 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:</p> <p style="text-align: center;">Significant Vote Category 1 ('SV1'): High Profile Votes</p> <ul style="list-style-type: none"> <li>• Focus on votes which received public and press interest with a focus on our large, active holdings</li> <li>• Focus on votes which reflect significant governance concerns regarding the company               <ul style="list-style-type: none"> <li>• Resolutions proposed by Aberdeen</li> </ul> </li> </ul> <p style="text-align: center;">Significant Vote Category 2 ('SV2'): Shareholder and Environmental &amp; Social (E&amp;S) Resolutions</p>		

- 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](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.

## Engagement Activity

As well as this, aberdeen have provided some examples of engagement activity which are also set out below. aberdeen also provide full transparency of voting activity on their website which can be found here:

[https://vds.issgovernance.com/repo/2024/policies/Listed\\_Company\\_Stewardship\\_Guidelines.pdf](https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf)

*Please note that all information provided on voting activity has been written by the Investment Managers, and this is reflected in the use of "we" throughout. Any views expressed are not necessarily those of the Trustees.*

### Anglian Water Services

In April 2024, aberdeen followed up on their previous engagements with Anglian Water, a leading UK water company providing water supply, sewerage, and sewage treatment services. aberdeen had previously emphasised the importance of Anglian publishing a live sewage discharge map, similar to those provided by their industry peers, to offer customers and investors greater transparency into the environmental impacts of their operations. During this engagement, aberdeen wanted to review their progress and the outcomes of their efforts to address this issue.

aberdien's engagement began in 2023 when they met with Anglian Water as part of their UK water utilities thematic engagement programme. Anglian is a strong performer in many environmental areas but experienced a decline in performance in certain aspects. aberdeen sought to identify the root cause of their drop in performance, particularly in areas such as serious pollution incidents, and to understand the plans in place to address these issues. Anglian's recent increase in serious pollution incidents was largely attributed to extreme weather storm overflows, and they shared details of accelerated monitoring efforts to prevent further occurrences. However, aberdeen discussed potential areas for improvement in Anglian's disclosure, including the need for a publicly available live sewage discharge map.

In April 2024, aberdeen followed up on this milestone to review Anglian's progress. While Anglian is viewed as middle of the pack in terms of environmental performance compared to other UK water utilities, they continue to lag behind peers in serious pollution incident metrics. Therefore, improving both performance and disclosure in this area remained a focal point of their engagement with Anglian.

aberdeen were pleased to hear in their 2024 engagement with the company that Anglian had recently released a live sewage discharge map, providing detailed information on their drainage and wastewater management plans. This outcome enabled aberdeen to close this milestone with the company and highlights how their active engagement helped to drive meaningful improvements in transparency and accountability at Anglian Water.

### **LVMH MOET HENNESSY LOUIS VUITTON**

LVMH is a French Luxury Goods company. The company controls around 60 subsidiaries which supply goods worldwide. In 2024, an Italian court found that one of these subsidiaries, Dior, had used a supplier which had been involved in human rights abuses against employees with reports stating that workers were subjected to excessive hours, slept in factories, and were paid below minimum wage while working in unsafe conditions. There are currently several ongoing investigations in Italy related to this issue. In light of this issue, aberdeen engaged with LVMH to understand how this oversight occurred and what it can do to mitigate similar events happening in the future. This engagement aligns with aberdeen's focus on ensuring that investee companies are effectively managing human rights and labour practices within their operations.

During their engagement, aberdeen met with LVMH's investor relations team. They shared that the revelations were a significant internal shock and that they are working to understand how the suppliers managed to conceal these practices from Dior's auditors. LVMH has since terminated its relationships with the suppliers involved and have developed a supply chain action plan to strengthen audit and detection measures going forward. The maisons of LVMH have also contacted suppliers to remind them of LVMH's code of conduct. LVMH continues to engage with the Italian authorities to identify solutions which can improve oversight of textile working conditions in Italy.

The meeting provided reassurance that Dior is taking steps to address the issue. However, following the call, aberdeen escalated their concerns by writing to the chair of LVMH's sustainability committee. In the letter, they highlighted their concern that Dior had sourced materials from the supplier in question and that these abuses had gone undetected during supplier audits. aberdeen also requested greater transparency from LVMH concerning their supply chain oversight and provided suggestions on how they can enhance their disclosure and oversight practices.

aberdeen will continue to monitor LVMH's progress against our requests and follow up on the milestones that we have set.

### **SSE PLC**

aberdeen engage regularly with SSE, a major UK power company, both directly and on a collaborative basis through their membership of the Climate Action 100+ (CA100+) working group for SSE. As part of their collaborative engagements through CA100+, aberdeen have regular meetings with the company's head of sustainability and representatives from investor relations and business operations. There were two company meetings with the CA100+ working group in 2024. There are also ad-hoc written communications in between these meetings.

aberdeen is an active member of the small working group of five investors to develop the engagement priorities, conduct questioning of the company in engagements and draft AGM statements and questions. The CA100+ working group's principal areas of engagement for SSE are currently:

- The potential impacts from new energy policies under the Labour government;
- SSE's approach to securing community consent in areas affected by new transmission infrastructure built by the company;
- SSE's response to physical climate risks; and
- Risks associated with hitting SSE's 2030 climate-related targets.

Separately, we note that aberdeen's investment analyst held three meetings with the company during 2024 with the CEO, Chair and investor relations in which questions were posed to the company on the interaction between the company's financial and decarbonisation strategies.

These company meetings and research are also used to meet aberdeen's commitment to engage with our top 20 highest net financed emitters across equity and credit holdings as part of our net zero targets. For SSE specifically aberdeen assessed progress against the milestones they previously set for these engagements, such as the company's target to engage with half of its suppliers to encourage them to commit to or set science-based emissions targets.

Overall, on the basis of these engagements Aberdeen are broadly of the view that SSE is one of the leading companies in terms of the strength of its commitment to driving the energy transition, coupled with strong social policies. In 2024, SSE achieved its lowest recorded levels of Scope 1 carbon intensity and met its supplier engagement goal. The company has also disclosed key decarbonisation levers required to meet its science-based targets, reinforcing its position as a clear transition leader.

While Aberdeen are encouraged by SSE's progress on its climate strategy, including its delivery against key targets, they recognise there is room for further advancements in certain disclosures. The company also faces challenges related to an evolving policy and market environment as well as potential risks with security community consent for SSE's infrastructure investments.

They will therefore continue to engage with SSE, tracking progress against outstanding milestones, including those set as part of their top financed emitters programme, which is entering its second year. Should progress be insufficient, they will consider take voting action in 2025.

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_

Top 5 significant Votes during the Period

ABERDEEN EVOLVE WORLD EQUITY INDEX FUND

Company	Voting Subject	How did the Investment Manager Vote?	Result
<b>AstraZeneca PLC</b>	<b>Approve Remuneration Policy</b>	<b>Against</b>	<b>The resolution passed</b>
<p>The company consulted us on proposed changes to the remuneration policy, which included the increase to annual bonus maximum from 250% to 300% of salary and an increase to the Performance Share Plan maximum from 650% to 850% of salary. We indicated that we were not supportive of the proposals as we considered the overall 25% increase in potential reward for the CEO to be too high. As the increases are unchanged, we have voted against the revised Policy.</p>			
<b>National Grid Plc</b>	<b>Management Climate-Related Proposal</b>	<b>Abstain</b>	<b>The resolution passed</b>
<p>While we welcome the intention to increase climate-related transparency and accountability, we have reservations about the implications of climate votes relating to corporate strategy. We are of the view that presenting climate strategy as a standalone voting item risks diminishing both the integration of climate in strategy and the direct responsibility and accountability of the board and individual directors. Should this resolution be approved, it may limit the scope for subsequent challenge. We believe that the most effective means for aberdeen to encourage high-quality climate disclosure is through a combination of targeted engagement and voting on conventional resolutions, focussed on our highest financed emitters and companies we identify as climate laggards. We have therefore chosen to abstain on this resolution.</p>			
<b>Mizuho Financial Group, Inc.</b>	<b>Require Environmental/Social Issue Qualifications for Director Nominees</b>	<b>For</b>	<b>The resolution failed</b>
<p>aberdeen are supportive of the disclosure the company has taken to indicate the areas considered when selecting directors. We believe it would be beneficial if the company also disclosed if climate related knowledge was considered as this is an area impacting across both the bank and its clients. It should be noted that such skills should not be a prerequisite for directors' appointment and there should not be a reliance on one director for any specific area of expertise. A vote in favour is appropriate.</p>			
<b>Gildan Activewear Inc.</b>	<b>Human Rights Risk Assessment</b>	<b>Against</b>	<b>The resolution failed</b>
<p>It's clear that the company is making progress on Human Rights Risks. The target to have all company operated facilities ISO 45001 certified by 2028 and one site achieving certification this year show both ambition and progress. This alongside the existing policies and oversight in place makes the additional disclosure requested unnecessary at this time.</p>			
<b>Mizuho Financial Group, Inc.</b>	<b>Report on Climate Change</b>	<b>Against</b>	<b>The resolution failed</b>
<p>The company has clear measures in place to support its clients' climate transition plans including a strategy to achieve net zero by 2050. The resolution is onerous and a vote against is warranted.</p>			

Top 5 Significant Votes during the Period

ABERDEEN DIVERSIFIED GROWTH AND INCOME FUND

Company	Voting Subject	How did the Investment Manager Vote?	Result
<b>AstraZeneca PLC</b>	<b>Amend Restricted Stock Plan</b>	<b>Against</b>	<b>The resolution passed</b>
The company consulted us on proposed changes to the Performance Share Plan which would result in an increase in award from 650% to 850% of salary. We indicated that we were not supportive of the proposal and as this was unchanged we have voted against the amendment			
<b>Palo Alto Networks, Inc.</b>	<b>Report on Climate Change</b>	<b>Against</b>	<b>The resolution failed</b>
Shareholder Proposal: Palo Alto Network's 401(k) plan offers a wide range of investment options, which provides employees with flexibility in diversifying their investments and pursuing their goals. The retirement plan is also managed by a third-party fiduciary rather than the board. A vote against is therefore warranted.			
<b>Microsoft Corporation</b>	<b>Weapons - Related</b>	<b>Against</b>	<b>The resolution failed</b>
Shareholder Proposal: The company has clearly set out the mechanisms it has in place to ensure the appropriate oversight of its exposure to the defence sector and related risks. The company has also publicly disclosed its approach to the sector in both its corporate reporting and Form 10-K. This disclosure provides sufficient information to investors on the company's approach to both financial and reputational risk. Considering existing reporting standards, the resolution is onerous and a vote against is warranted.			
<b>Campbell Soup Company</b>	<b>Report on EEO</b>	<b>Against</b>	<b>The resolution failed</b>
Shareholder Proposal: Campbell Soup outlines its inclusion and diversity initiatives in its Corporate Responsibility Report and reports on DEI data in its EEO-1 Statement, enabling shareholders to assess the effectiveness of these efforts. The board oversees the company's DEI initiatives and is supported by an I&D Advisory Board that collaborates with leadership on long-term strategies concerning DEI. The company appears to be providing adequate disclosure, sufficient practices to promote DEI, and is not associated with significant controversies related to DEI issues. Therefore, a vote against this proposal is therefore warranted at this time.			
<b>Microsoft Corporation</b>	<b>Operations in High Risk Countries</b>	<b>Against</b>	<b>The resolution failed</b>
Shareholder Proposal: This is the second consecutive year Microsoft received this proposal, which aberdeen did not support at the 2023 Annual General Meeting. As Microsoft is a multinational organisation, its global infrastructure presence in cloud computing is key to be able to operate in global locations. The company is a signatory to the 'Trusted Cloud Principles' initiative and conducts independent third party reviews concerning new expansions in high risk areas guided by the 'UN Guiding Principles on Business and Human Rights'. As the company appears to be well-placed to manage operational risk in different geographies, a vote against is therefore warranted.			