Implementation Statement

Avonmore Pension Plan

Plan year to 31 March 2022

This statement sets out the Trustees' approach to implementing the environmental, social and governance ("ESG") policies set out in the Plan's Statement of Investment Principles over the period from 1 April 2021 to 31 March 2022.

Plan year material event

In June 2021, the Plan purchased a bulk annuity policy with Rothesay Life ("Rothesay") which will meet the benefit entitlements of each of the Plan's members. The fact that the Plan's investment portfolio consists solely of a bulk annuity policy alongside a small cash holding means that going forward ESG considerations cannot be meaningfully applied and it will become difficult to monitor voting and engagement. Unless there is a change to the Plan's investment in the future, there will be limited scope for engagement on the Plan's investment and meaningful updates to this Implementation statement.

How voting and engagement policies have been followed

Up until June 2021, the Plan invested entirely in pooled funds, and as such delegated responsibility for carrying out voting and engagement activities to the Plan's fund managers.

The Trustees, with support from the investment consultant, requested and reviewed the stewardship policies, voting and engagement activities of the Plan's investment managers periodically. In the event of any specific issues or questions being identified through this monitoring process, the Trustees would have engaged with the Plan's investment managers for more information. There were no issues or questions raised during the year.

Having reviewed the above in accordance with their policies, the Trustees were comfortable the actions of the fund manager were in alignment with the Plan's stewardship policies.

Voting Data

As the Plan had no holdings in funds containing equities, there was not expected to be any voting rights attached to any of the funds the Plan held.

Fund level engagement

The managers may engage with their investee companies on behalf of the Trustees. The tables below provide a summary of the engagement activities undertaken by each of the Plan's managers during the year to 31 March 2022. We have provided this data for illustrative purposes as the Plan did not hold in an investment in the RLAM Corporate Bond Fund over this entire period. The investment manager was not able to provide the data with a level of granularity to cover the period from 1 April to 11 May when the Plan was invested in the Fund. The RLAM Corporate Bond Fund invests in UK companies and RLAM uses their influence as investors to engage with the companies they invest in. We have provided some details of this engagement below. The scope for engagement in relation to the Legal & General LDI funds, the gilt and index-linked gilt funds, and the liquidity fund previously held by the Plan is expected to be extremely limited for these LDI funds, as L&G is mostly investing in the UK Government. Therefore, these funds are not included in the tables below.

Fund name	Royal London UK Corporate Bond Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	Information not provided by the manager.
Number of engagements undertaken at a firm level in the year	342

In the table below we have set out some examples of engagement undertaken by RLAM over the year to 31 March 2022. These engagements were made through RLAM's investment in the Corporate Bond Fund.

	Examples of engagement
Go-Ahead Group Plc	In Q1 2022, the RLAM's Fixed Income and Responsible Investment teams met with the new CEO and interim chief financial officer (CFO) of transport company Go-Ahead Group to discuss recent corporate governance shortfalls and planned improvements to controls and oversight. The events under discussion were firstly, the overpayment of subsidies that London and South Eastern Railways (LSER), a subsidy of Go-Ahead Group Plc, accrued from the Department for Transport over many years starting in 2006. The Department for Transport (DfT) uncovered this in 2021, removed Go-Ahead Group as operators of the railways in question and issued them with a fine. Secondly, the six month delay in the annual reports and accounts' publication, which resulted in a suspension of trading of the company's shares and Moody's removing their rating. Finally, the 3.2 million proxy votes that were missed in the calculations of the results at the December 2021 annual general meeting (AGM). The newly appointed CEO and interim CFO have been uncovering how the events at LSER happened. They explained that there were cultural problems at LSER and a lack of recognition that higher levels of transparency and 'good faith' are required when dealing with public money. Moreover, there was a lack of sufficient oversight from Go-Ahead Group due to the complexity of the franchise agreements and contracts. The CEO and CFO re-iterated that the issues were confined to LSER which no longer exists as an entity. The DfT issued a penalty notice on the day of our engagement which stated they had evidence to suggest the Go-Ahead Group audit committee explicitly discussed the accrual of subsidies. The CEO and interim CFO confirmed the findings of the DfT, that the external auditors, Deloitte, were aware of the accrual of overpayments and continued to sign off the accounts with an unqualified opinion. The delay of the report was thus associated with Deloitte's attempts to rotate the representative overseeing this case. Given this Deloitte had staffing issues due to a conflict of interest on the audit for the 2021 financial year which contributed to the delay of publication. They went on to emphasise the positive transparent relationship the new management has with DfT. RLAM raised concerns about the missing votes. The CFO explained their Registrar, Equiniti, was undergoing a "once in a generation" upgrade to their systems which caused a technical malfunction. The company is undergoing structural changes to mitigate risk including a refresh of the Board and implementing a new operating model which enhances oversight. Overall, RLAM believes the company is showing commitment to improving corporate governance and working constructively with the Department for Transport. However, RLAM was dissatisfied with the role of the auditor in oversight and expedite the release of results. As a consequence of these facts, RLAM voted against the auditors and the annual reports and accounts at their March shareholder meeting. RLAM will

	Examples of engagement
	closely monitor the implementation of the measure outlined by the Board members and wrote to the company to explain their votes and to request another meeting in six months to discuss the progress.
DP World (P&O Ferries)	Following the announcement and severe controversy of P&O Ferries' decision to lay off almost 800 UK-based seafarers with immediate effect and no consultation, RLAM has engaged with the representative of P&O's owner – DP World. RLAM's questions focused mainly on the lack of any consultation process with the unions prior to the announcement, the alternatives considered, the question as to why did the decision affect only the UK-registered and Jersey-based employees, the risk of fines, litigation, freeport scheme implications, and wider reputational damage. RLAM has also raised potential safety concerns related to the replacement of employees with agency staff, as well as scrutinized the company's decision to pay the new staff below the minimum wage. Finally, RLAM questioned the decision in the context of taxpayers and wider stakeholders' implications, especially considering the furlough support received, the government contingency plan, and dividends paid to DP World's shareholders. The day before RLAM's engagement meeting, P&O's CEO admitted publicly that they did not consult prior to the announcement, a practice which could be considered illegal, given that there is a statutory consultation period in place of at least 45 days if a company is planning to make more than 100 employees redundant. During our engagement call, DP World stated that it did not believe the law had been broken. While the legality of the decision remains the centre of debate, the events that unfolded did feel like the spirit of the law had been broken. The fact that this point is being debated in such a manner is unpalatable. As a result of the meeting, the holding fixed income team decided to sell their position in DP World.
Natwest	In Q3 2021, RLAM engaged with Natwest through a letter positioning their expectations to the sector with regards to the bank's Net Zero plans. RLAM's Responsible Investment team met NatWest Chairman, Non-Executive Director Mike Rogers and the Head of Business Banking Andrew Harrison to discuss Net Zero as well as financial inclusion of SMEs. The discussion centred around the methodological approaches adopted to achieve Net Zero, how Natwest had mapped financed emissions to four sectors and progress towards their expansion to other sectors. NatWest is setting a carbon budget for the financed emissions of these sectors, they are setting Scienced Based Target Initiatives (SBTI) – sector specific targets for starting with the most carbon intensive sectors. NatWest's fossil fuel financing policy has driven down our exposure to coal and oil and gas and have committed to stop lending to fossil fuels currently above percentage target revenues – unless they can demonstrate a good climate transition plan. Additionally, the company has linked management incentives to the delivery of targets. The company is aware of potential negative social implications and said they would work with LSE and Lord Stern, who is on the Bank's advisory board on how to operationalise a Just Transition in banking. RLAM believes that NatWest senior leadership is focused on developing credible climate commitments and welcomed our suggestion to include social dimensions to their climate transition plans.