



Trustees of the OVO Energy Group of the ESPS

Implementation Statement

Statement of Compliance with the OVO Energy Group of the Electricity Supply Pension Scheme's Stewardship Policy for the year ending 31 March 2024.

Introduction

This is the Group Trustees' statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Group Trustees have complied with the Group's Stewardship Policy during the period from 1 April 2023 to 31 March 2024.

Stewardship Policy

The Trustees' Stewardship (voting and engagement) Policy sets out how the Trustees will behave as an active owner of the Group's assets which includes the Trustees' approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustees monitor and engage with their investment managers and any other stakeholders.

The Group's Stewardship Policy is reviewed on a triennial basis or after any significant change to investment strategy, in line with the Group's Statement of Investment Principles ('SIP') review which was last completed in June 2023.

You can review the Group's Stewardship Policy which can be found within the Group's Statement of Investment Principles.

A copy of the SIP for the SEPS Section may be viewed here:

<https://www.ovobyus.com/m/6c933bbba5a46888/original/sip-implementation-statement-seps.pdf>

A copy of the SIP for the SHEPS Section may be viewed here:

<https://www.ovobyus.com/m/78946148ec93c66f/original/sip-implementation-statement-sheps.pdf>

The Trustees have delegated voting and engagement activity in respect of the underlying assets to the Group's investment manager Legal and General Investment Management ('LGIM'). The Trustees believe it is important that their investment manager takes an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

Policy implementation

The Trustees' own engagement activity is focused on their dialogue with their investment manager, which is undertaken in conjunction with their investment adviser. The Trustees meet their manager from time to time and consider the manager's exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustees monitor their compliance with their Stewardship Policy on an annual basis and are satisfied that they have complied with the Group's Stewardship Policy over the last year.

Voting activity

The Trustees seek to ensure that their manager is exercising voting rights and where appropriate, they monitor their investment manager's voting patterns. The Trustees also monitor their investment manager's voting on particular companies or issues that affect more than one company.

The Trustees have investment in equity assets through LGIM. LGIM have reported on how votes were cast in each of the two equity funds that they are invested in over the 12 months to 31 March 2024 as set out in the table below.

Note that the Group has two separate sub-sections relating to the originating schemes from which member benefits were transferred. The sub-sections are known as the SEPS Section and SHEPS Section

All World Equity Index Fund

Proportion of Group assets	8.5% (SEPS Section) 8.2% (SHEPS Section)
No. of meetings eligible to vote at during the year	6,557
No. of resolutions eligible to vote on during the year	64,058
% of resolutions voted	99.9%
% of resolutions voted with management	79.3%
% of resolutions voted against management	20.2%
% of resolutions abstained	0.5%

Source: LGIM

Scientific Beta MF Developed Equity Index Fund

Proportion of Group assets	8.1% (SEPS Section) 7.7% (SHEPS Section)
No. of meetings eligible to vote at during the year	877
No. of resolutions eligible to vote on during the year	12,763
% of resolutions voted	99.8%
% of resolutions voted with management	78.5%
% of resolutions voted against management	21.4%
% of resolutions abstained	0.1%

Source: LGIM

LGIM voted against management across a wide range of topics including remuneration, environmental and governance. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against the majority if they believe a better outcome can be achieved.

Significant votes

The Trustees have asked their sole equity manager, LGIM, to report on the most significant votes cast within the portfolios they manage on behalf of the Trustees. LGIM were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote.

The below tables show the top 10 votes, from complete data available at the time of writing, based on % holding for each of the Group's equity mandates.

LGIM All World Equity Index Fund

Date	Company	% of fund	Topic	Manager's vote and rationale	Outcome
28-Feb-24	Apple	3.96%	Environmental and Social	Against - LGIM voted against the shareholder proposal to commission a report on the risks of omitting viewpoint and ideological diversity from EEO policy. LGIM believe the company appears to be providing sufficient disclosure around its DEI efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Vote failed: No data on the level of support for/against the vote was available.
24-May-23	Amazon	1.52%	Diversity (Social)	For - LGIM voted in favour of report on median and adjusted gender/racial pay gaps, as they expect companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.	Vote failed: The vote gained support from 29.0% of shareholders.
02-Jun-23	Alphabet	1.21%	Governance	For - LGIM voted in favour of a recapitalization plan for all stock to have one-vote per Share. LGIM expects companies to apply a one-share-one-vote standard.	Vote failed: The vote gained support from 30.7% of shareholders.
06-May-23	Berkshire Hathaway	0.69%	Governance	For - LGIM voted for the requirement of an independent board chair. LGIM expects companies to establish the role of independent board chair.	Vote failed: The vote gained support from 10.9% of shareholders.
31-May-23	Exxon Mobil	0.68%	Climate change (Environmental)	For - LGIM voted for a report on asset retirement obligations under IEA net zero emissions scenario. Together with CBIS, LGIM asked for more transparency on the retirement costs of Exxon's asset base. LGIM are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.	Vote failed: The vote gained support from 16% of shareholders.

16-May-23	JPMorgan Chase & Co	0.66%	Climate change (Environmental)	For - LGIM voted in favour of reporting on climate transition plan describing efforts to align financing activities with GHG targets. LGIM generally support resolutions that seek disclosures on how companies aim to manage their financing activities in line with their published targets.	Vote failed: The vote gained support from 34.8% of shareholders.
01-May-23	Eli Lilly and Company	0.54%	Governance	For - LGIM voted for the adoption of a simple majority vote. They believe that elimination of the supermajority vote requirement enhances shareholder rights.	Vote failed: The vote gained support from 40.7% of shareholders.
27-June-23	Mastercard	0.51%	Governance	For - LGIM voted in favour of electing a director as no significant concerns were highlighted.	Vote passed: The vote gained support from 98.1% of shareholders.
05-May-23	AbbVie	0.44%	Governance	For - LGIM voted for the adoption of a simple majority vote. They believe that elimination of the supermajority vote requirement enhances shareholder rights.	Vote passed: The vote gained support from 53.2% of shareholders.

LGIM Scientific Beta Multi-Factor Developed Equity Index

Date	Company	% of fund	Topic	Manager's vote and rationale	Outcome
09-May-23	Cummins	0.58%	Governance	Against - LGIM voted against the election of a director as they expect companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.	Vote passed: The vote gained support from 96.6% of shareholders.
02-May-23	Bristol-Myers Squibb Company	0.53%	Governance	Against - LGIM voted against the election of a director as they expect companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote passed: The vote gained support from 92.4% of shareholders.
01-May-23	Aflac Inc.	0.51%	Governance	Against - LGIM voted against the election of a director as they expect companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote passed: The vote gained support from 98.3% of shareholders.

06-May-23	Berkshire Hathaway	0.50%	Governance	For - LGIM voted for the requirement of an independent board chair. LGIM expects companies to establish the role of independent board chair.	Vote failed: The vote gained support from 10.9% of shareholders.
16-Jun-23	T-Mobile US	0.50%	Diversity (Social)	Against - LGIM voted against the election of a director as they expect a company to have at least one-third women on the board.	Vote passed: The vote gained support from 88.3% of shareholders.
02-Jun-23	Alphabet	0.49%	Governance	For - LGIM voted in favour of a recapitalization plan for all stock to have one-vote per Share. LGIM expects companies to apply a one-share-one-vote standard.	Vote failed: The vote gained support from 30.7% of shareholders.
05-May-23	Illinois Tool Works	0.48%	Governance	For - LGIM voted for the requirement of an independent board chair. LGIM expects companies to establish the role of independent board chair.	Vote failed: The vote gained support from 19.2% of shareholders.
12-May-23	Colgate-Palmolive Company	0.48%	Governance	Against - LGIM voted against the election of a director as they expect companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote passed: The vote gained support from 92.7% of shareholders.
09-June-23	Regeneron Pharma	0.47%	Diversity (Social)	Against - LGIM voted against the election of a director as they expect a company to have at least one-third women on the board.	Vote passed: The vote gained support from 70.3% of shareholders.
23-May-23	The Allstate	0.47%	Governance	Against - LGIM voted against the election of a director as they expect companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote passed: The vote gained support from 93.9% of shareholders.

Source: LGIM

Engagement activity

The Trustees aim to hold meetings with the Group's investment manager on a periodic basis where, if appropriate, stewardship issues are discussed in further detail and engagement is challenged as necessary.

Summary of manager engagement activity

LGIM produced a report on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following table summarises the key engagement activity for the 12-month period ending 31 March 2024.

Topic engaged on	Number of times topic was engaged
Climate Change	1,760
Remuneration	239
Diversity	226
Deforestation	171
Strategy	75

The above are the top five topics LGIM engaged with companies on over the year, frequently engaging on executive remuneration as well as topics surrounding climate change and sustainability. The main methods of engagement were management meetings, shareholder calls and AGMs.

Use of a proxy adviser

The Trustees' investment manager, LGIM, made use of an in-house custom voting policy in conjunction with the Institutional Shareholder Services ('ISS') 'ProxyExchange' platform.

Review of policies

The Trustees' investment advisers continue to monitor the manager's RI capabilities on the Group's behalf and the Trustees carried out their most recent review of Manager ESG and Stewardship Policies at the May 2024 Trustee meeting.

The Trustees and their advisers remain satisfied that the responsible investment policies of the manager and, where appropriate, the voting policies remain suitable for the Group.

