



Trustees of the OVO Energy Group of the ESPS
Implementation Statement for 2019 DB Regulations

Statement of Compliance with the Trustees of the OVO Energy Group of the Electricity Supply Pension Scheme's (Trustees of the OVO Energy Group of the ESPS) Stewardship Policy for the year ending 31 March 2022.

Introduction

This is the 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 Trustees have complied with the Group's Stewardship Policy during the period from 1 April 2021 to 31 March 2022.

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 September 2021.

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 SSE Section may be viewed here:

<https://www.ovobyus.com/m/3e5d74a3751d54bf/original/sip-sse-section.pdf>

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

<https://www.ovobyus.com/m/2a6ed1f418e5fac5/original/sip-sse-hydro-section.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.

The Trustees' own engagement activity is focused on their dialogue with their investment manager, which is undertaken in conjunction with their investment advisers. The Trustees meet their manager from time to time and consider the

managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustees will 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 these mandates as set out in the table below.

Note that the Group has two separate sub-sections which are named in accordance with the originating schemes from which member benefits were transferred, SSE Southern Group ('SSE Section') and Scottish Hydro Electric Pension Scheme ('SSE Hydro Section').

All World Equity Index Fund	
Proportion of Group assets	15.8% (SSE Section) 15.7% (SSE Hydro Section)
No. of meetings eligible to vote at during the year	6,519
No. of resolutions eligible to vote on during the year	64,607
% of resolutions voted	99.8%
% of resolutions voted with management	80.7%
% of resolutions voted against management	18.1%
% of resolutions abstained	1.3%

Source: LGIM

Scientific Beta MF Developed Equity Index Fund	
Proportion of Group assets	16.2% (SSE Section) 16.0% (SSE Hydro Section)
No. of meetings eligible to vote at during the year	879
No. of resolutions eligible to vote on during the year	12,333
% of resolutions voted	99.7%
% of resolutions voted with management	80.6%
% of resolutions voted against management	19.2%
% of resolutions abstained	0.2%

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. From the managers reports, LGIM identified the following votes as being of significance to the Group. The below tables show the top 10 significant votes based on % holding for each of the Group's equity mandates.

LGIM All World Equity Index Fund

Date	Company	% of mandate	Manager's vote and rational	Outcome
04-Mar-22	Apple Inc.	3.85%	For - LGIM voted in favour of publication of a report on a Civil Rights audit by the company as the manager supports proposals related to diversity and inclusion policies. LGIM consider these issues to be a material risk to companies.	Vote passed: the vote gained support from 53.6% of shareholders.
30-Nov-21	Microsoft Corporation	3.58%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 94.7% of shareholders.
26-May-21	Amazon.com, Inc.	2.26%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 95.1% of shareholders.
26-May-21	Facebook, Inc.	1.20%	Withhold - LGIM withheld their vote on the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 97.2% of shareholders.
18-May-21	JPMorgan Chase & Co.	0.72%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 96.1% of shareholders.

22-Apr-21	Johnson & Johnson	0.69%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 93.4% of shareholders.
03-Jun-21	NVIDIA Corporation	0.58%	Against - LGIM withheld their vote on the appointment of a Director as the manager views gender diversity as a financially material issue for clients, with implications for the assets managed. In 2021, LGIM increased its expectations on gender diversity on the board by placing a vote against large companies where there is less than 25% women on the board.	Vote passed: the vote gained support from 94.2% of shareholders.
01-May-21	Berkshire Hathaway Inc.	0.55%	Withhold - LGIM withheld their vote on the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 97.8% of shareholders.
20-May-21	The Home Depot, Inc.	0.53%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 92.8% of shareholders.
25-Jan-22	Visa Inc.	0.52%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 96.3% of shareholders.

Source: LGIM

Date	Company	% of mandate	Manager's vote and rationale	Outcome
03-Jun-21	Trane Technologies Plc	0.71%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 91.0% of shareholders.
13-Dec-21	Cisco Systems, Inc.	0.58%	Against - LGIM voted against the appointment of a Director as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 91.8% of shareholders.
01-May-21	Berkshire Hathaway Inc.	0.57%	Withhold - LGIM withheld their vote on the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 97.8% of shareholders .
23-Apr-21	Abbott Laboratories	0.57%	For (management recommendation: Against) - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote rejected: The vote only gained support from 33.7% of shareholders.
12-Aug-21	Electronic Arts Inc.	0.55%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Votes passed: the votes gained support from 79.3% and 93.9% of shareholders respectively.

11-May-21	Cummins Inc.	0.55%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: the vote gained support from 89.5% of shareholders.
04-Aug-21	Xilinx, Inc.	0.54%	Withhold - LGIM withheld their vote on the appointment of a Director as the manager views gender diversity as a financially material issue for clients, with implications for the assets managed. In 2021, LGIM increased its expectations on gender diversity on the board by placing a vote against large companies where there is less than 25% women on the board.	Vote passed: The vote gained support from 88.0% of shareholders.
08-Apr-21	Synopsys, Inc.	0.54%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 91.5% of shareholders.
13-May-21	Verizon Communications Inc	0.53%	Against - LGIM voted against the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 92.6% of shareholders.
02-Jun-21	Comcast Corporation	0.52%	Withhold - LGIM withheld their vote on the appointment of a Director as the manager has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different and require distinct skills and experiences.	Vote passed: The vote gained support from 96.5% 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. The Group met with their investment manager at the Trustee meeting on May 2021 where both the effects of the COVID-19 pandemic and the integration of ESG within the Group’s mandates were discussed.

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 2022.

Topic engaged on	
Climthange	246
Remuneration	205
LGIM ESG Score	133
Company disclosure and transparency	131

The above are the top four 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 advisors continue to monitor the manager's RI capabilities on the Group's behalf and the Trustee carried out their most recent review of Manager ESG and Stewardship Policies at the June 2022 Trustee meeting.

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