

Implementation Statement (IS) 2023

Dehns Retirement Benefits Scheme

The Trustees of the Dehns Retirement Benefit Scheme (“the Trustees”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles (SIP) during the year. The Scheme’s year runs from 1 June 2022 to 31 May 2023 (“Scheme Year”). This is provided in Section 2 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the year. The current SIP sets out the voting and engagement policies in sections headed “Socially Responsible Investment” and “Corporate Governance”.

The scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers. The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees also took steps to review the Scheme’s existing funds over the period, as described in section 2 below.

During the Scheme Year, the Trustees have commissioned an Investment Strategy Review and implemented the initial recommendations from that Review towards the end of the Scheme Year. The main change was a modest shift away from equities to less volatile asset classes. The Review extended to a review of and update to the SIP. The Trustees wanted to establish that the SIP is fit for purpose and a revised SIP has been implemented after the end of the Scheme Year.

2. Voting and engagement

At the Scheme year-end, the Scheme’s investment managers were Scottish Widows Limited. The Scheme invests in a mix of pooled funds and the Trustees consider the performance of the funds held with the investment managers on a regular basis, and any significant developments that arise.

When investing, the Scheme investment managers consider their primary objective is to achieve the best investment return while allowing for an acceptable level of risk. In pursuing this objective, they will consider a number of factors that will affect performance including Socially Responsible Investment issues. If they consider that a company’s social, environmental or ethical record will adversely affect its financial performance and result in poor returns, then the stock will not be held in our portfolios.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the Scheme’s investment managers are in alignment with the Scheme’s Stewardship policies.

3. Description of voting behaviour during the year

The Scheme investment managers' practice is to vote on all resolutions put forward at company meetings, whether Annual or Extraordinary, for the UK companies in which they invest. As the investment managers of the relevant investment fund, they see voting as one of their fiduciary duties. The investment managers will support the incumbent board when voting, provided they are satisfied firstly, with its Corporate Governance stance and secondly, with its management of the fund's investment as shareholders. Issues of concern will be raised at one of their regular meetings with the senior management of the company involved. The investment managers will try to resolve matters, either directly with the company, and believe this is usually a more effective approach than open confrontation at a shareholders' meeting.

Noted below are the key voting themes over the year made on behalf of the Trustees in relation to eligible funds for which data is available.

Description of vote category	% of votes cast as a proportion of total possible votes*			
	Aberdeen Standard Investments	Schroders Investment Management	BLACKROCK	TOTAL
The proportion of the total number of possible votes, when voting rights were exercised	97%	96%	97%	97%
Proportion of the total number of possible votes for which the fund manager abstained	3%	0%	0%	1%
Proportion of total votes cast that were against management	16%	12%	12%	13%

* Voting data has been provided over the year to 31 March 2023.

While the majority of funds held on behalf of the Trustees are managed by Aberdeen Standard Investments, some are managed by BlackRock, Inc and Schroders Investment Management Limited. The Trustees were not able to review and include voting data in respect of most funds. The information above is for the limited information made available to the Trustees. The Trustees will continue to work with their advisers and investment managers with the aim of providing complete voting information in future implementation statements. The Trustees are disappointed at the amount of data that was provided following their requests.

Regrettably, despite our request, we understand that of our Fund Managers only BlackRock, Inc have been able to provide information on engagement activities. BlackRock, Inc report (in respect of their "iShares MSCI Emerging Markets ETF" fund) that each year they prioritize their work around

engagement themes to encourage sound governance practices and deliver sustainable long-term financial performance for their clients. Their approach emphasizes direct dialogue with companies. Themes include board quality and effectiveness, a purpose driven long-term strategy supporting financial resilience, climate and natural capital (with a focus on the transition to a low carbon economy) and human capital focused on sustainable business practices. The level, depth and focus of their engagement is, we believe, consistent with our SIP. The data obtained covers the period 1 July 2022 to 30 June 2023 and details 457 company engagements covering climate risk management, board composition and effectiveness, corporate strategy, sustainability reporting and human capital management (amongst many other topics).

We understand all relevant data made available to Scottish Widows Limited was shared with the Trustees. We will be working with our advisers and investment managers to improve reporting in the area of engagement, to the extent it is within our power to do so.

Taking the voting and engagement action into account, and recognising that incomplete information has been provided, the Trustees believes that the fund managers have acted in accordance with the Scheme's stewardship policies.

After the end of the Scheme Year, negotiations have taken place around the appointment of new investment advisors and investment vehicle providers (as well as actuarial and administration services) following the notice of termination of the services currently provided by Scottish Widows. The Trustees believe that this change in management structure will be of benefit to the Scheme and its members and are hopeful that improved voting and engagement data will be provided in future.

It has been noted that additional requirements apply to the IS for Scheme Years ending after 1 October 2022, and the lack of data made available by our Investment Managers in this regard, despite our requests, is a frustration to the Trustees. Again, the new management and advisory structure which is being implemented is expected to assist us in more fully meeting these requirements.

For and on behalf of the Trustees:

Rebecca Gardner
March 2024