



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 2023.

Introduction.

This is the Group Trustee's 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 2022 to 31 March 2023.

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 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 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 over the 12 months to 31 March 2023 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	6.9% (SEPS Section)
	6.7% (SHEPS Section)
No. of meetings eligible to vote at during the year	6,728
No. of resolutions eligible to vote on during the year	68,320
% of resolutions voted	99.9%
% of resolutions voted with management	79.1%
% of resolutions voted against management	19.7%
% of resolutions abstained	1.2%

Source: LGIM

Scientific Beta MF Developed Equity Index Fund.

Proportion of Group assets	6.9% (SEPS Section)
	6.6% (SHEPS Section)
No. of meetings eligible to vote at during the year	914
No. of resolutions eligible to vote on during the year	13,075
% of resolutions voted	99.8%
% of resolutions voted with management	79.5%
% of resolutions voted against management	20.3%
% 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 fund	Topic	Manager's vote and rationale	Outcome
25-May-22	Amazon	1.71%	Human rights (Social)	Against - LGIM voted against the appointment of a director as they are a long-standing member of the Leadership Development & Compensation Committee which LGIM believes is accountable for human capital management failings.	Vote passed: the vote gained support from 93.3% of shareholders.
01-Jun-22	Alphabet	1.11%	Climate change (Environmental)	For - LGIM voted in favour of producing a report on the physical risks of climate change as they deem it to be a key issue for companies.	Vote passed: the vote gained support from 93.3% of shareholders.
25-May-22	Meta Platforms	0.73%	Joint Chair/CEO (Governance)	For - LGIM voted in favour of maintaining an independent Board Chair as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote rejected: the vote gained support from 16.7% of shareholders.
02-Jun-22	NVIDIA	0.72%	Diversity (Social)	Against - LGIM voted against the appointment of a director as the manager expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023.	Vote passed: the vote gained support from 83.8% of shareholders.
30-Apr-22	Berkshire Hathaway	0.67%	Climate change (Environmental)	Withhold - LGIM withheld their vote on lead independent director Susan Decker, as LGIM believe that the company does not adequately disclose climate change-related risks and opportunities.	Vote passed: the vote gained support from 86.6% of shareholders.
25-May-22	Exxon Mobil	0.57%	Climate change (Environmental)	For - LGIM voted in favour of setting Greenhouse gas reduction targets and expect companies to introduce credible transition plans, consistent with the Paris Agreement.	Vote rejected: the vote gained support from 27.1% of shareholders.
17-May-22	JPMorgan Chase & Co	0.55%	Joint Chair/CEO (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 95.3% of shareholders.

19-May-22	The Home Depot	0.50%	Joint Chair/CEO (Governance)	For - LGIM voted in favour of maintaining an independent Board Chair as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote rejected: the vote gained support from 23.9% of shareholders.
25-May-22	Chevron	0.48%	Joint Chair/CEO (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.
26-Apr-22	Bank of America	0.43%	Joint Chair/CEO (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 95.1% of shareholders.

Source: LGIM

SciBeta Multi-Factor Dev Equity Index.

Date	Company	% of fund	Topic	Manager's vote and rationale	Outcome
28-Apr-22	Pfizer	0.77%	Joint Chair/CEO (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 94.6% of shareholders.
12-Apr-22	Synopsys	0.65%	Joint Chair/CEO (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 90.5% of shareholders.
12-May-22	Verizon	0.63%	Joint Chair/CEO (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 91.8% of shareholders.
05-May-22	Archer-Daniels-Midland	0.61%	Joint Chair/CEO (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 91.8% of shareholders.

23-Jun-22	The Kroger Co.	0.59%	Joint Chair/CEO (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 90.6% of shareholders.
30-Apr-22	Berkshire Hathaway	0.57%	Climate change (Environmental)	Withhold - LGIM withheld their vote on lead independent director Susan Decker, as LGIM believe that the company does not adequately disclose climate change-related risks and opportunities.	Vote passed: the vote gained support from 86.6% of shareholders.
26-Apr-22	Exelon	0.56%	Diversity (Social)	Against - LGIM voted against the appointment of a director as the manager expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023.	Vote passed: The vote gained support from 95.6% of shareholders.
29-Apr-22	Abbott Laboratories	0.56%	Joint Chair/CEO (Governance)	For - LGIM voted in favour of maintaining an independent Board Chair as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote rejected: The vote gained support from 27.8% of shareholders.
02-May-22	Eli Lilly and Company	0.53%	Joint Chair/CEO (Governance)	For - LGIM voted in favour of maintaining an independent Board Chair as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote rejected: The vote gained support from 34.5% of shareholders.
18-May-22	Mondelez International	0.53%	Joint Chair/CEO (Governance)	For - LGIM voted in favour of maintaining an independent Board Chair as the manager expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Vote rejected: The vote gained support from 25.8% 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 2023.

Topic engaged on	Number of times topic was engaged
Climate change	281
Deforestation	264
Remuneration	219
Shareholder rights	212
Company disclosure and transparency	120

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 May 2023 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.

