

Implementation Statement

Covering 1 April 2023 to 31 March 2024

1. Background

The Trustees of the Commonwealth War Graves Commission Superannuation Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme’s Statement of Investment Principles (“SIP”) during the previous Scheme year, in relation to engagement and voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at <https://www.cwgc.org/who-we-are/pension-scheme/>

2. Voting and Engagement

The Trustees are keen that their managers are signatories of the UK Stewardship Code, which is the case for all managers.

All of the Trustees’ holdings are within pooled funds and the voting rights in the underlying investments are exercised by the companies that manage the funds. Therefore, the Trustees are not able to direct how votes are exercised and consequently have not directly used proxy voting services over the year.

The Scheme was invested in the following funds at the scheme year end:

- LGIM All World Equity Fund
- BNY Mellon Real Return Fund
- Schroders Life Diversified Growth Fund
- Insight Broad Opportunity Fund
- LGIM Synthetic Leveraged Equity Fund
- LGIM LDI Matching Core Long Fund - Nominal
- LGIM LDI Matching Core Long Fund - Real
- LGIM LDI Matching Core Short Fund – Real
- LGIM LDI Matching Core Short Fund - Nominal
- Threadneedle Property Unit Trust
- LGIM Absolute Return Bond Fund

The underlined funds do not hold physical equities and hence there are no voting rights and voting data for the Trustee to report on.

Implementation Statement (continued)

3. Description by Investment Managers of their voting processes

LGIM

LGIM describe their voting process as follows:

“All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. Their voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

LGIM’s Investment Stewardship team uses ISS’s ‘Proxy Exchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Their use of ISS recommendations is to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on LGIM’s custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.”

Implementation Statement (continued)

3. Description by Investment Managers of their voting processes (continued)

Schroders

Schroders describe their voting process as follows:

“As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking).

We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our Proxy Voting Policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we will vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, and consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as that provided by Glass Lewis, the Investment Association’s Institutional Voting Information Services and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2023, we voted on approximately 7400 meetings and 95% of total resolutions, and instructed a vote against the board at over 52% of meetings.

In Q4 2023 we switched vendor from ISS to Glass Lewis (GL) who act as our one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, we receive ISS’s Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

GL automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process.”

Implementation Statement (continued)

3. Description by Investment Managers of their voting processes (continued)

Insight

Insight describe their voting process as follows:

“Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. In addition, please refer to our Proxy Voting Policy, which sets out in detail our approach to voting on resolutions:

<https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/proxy-voting-policy-2023.pdf>”

Implementation Statement (continued)

3. Description by Investment Managers of their voting processes (continued)

BNY Mellon

BNY Mellon ("Newton") describe their voting process as follows:

Newton has established overarching stewardship principles which guide our ultimate voting decision, based on guidance established by internationally recognized governance principles including the OECD Corporate Governance Principles, the ICGN Global Governance Principles, the UK Investment Association's Principles of Remuneration and the UK Corporate Governance Code, in addition to other local governance codes. All voting decisions are taken on a case-by-case basis, reflecting our investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also taking into account any explanations offered for why the company has adopted a certain position or policy. It is only in the event that we recognise a material conflict of interest that we apply the vote recommendations of our third-party voting administrator.

Newton seeks to make proxy voting decisions that are in the best long-term financial interests of its clients and which seek to support investor value by promoting sound economic, environmental, social and governance policies, procedures and practices through the support of proposals that are consistent with following four key objectives:

- To support the alignment of the interests of a company's management and board of directors with those of the company's investors;
- To promote the accountability of a company's management to its board of directors, as well as the accountability of the board of directors to the company's investors;
- To uphold the rights of a company's investors to effect change by voting on those matters submitted for approval; and
- To promote adequate disclosure about a company's business operations and financial performance in a timely manner.

In general, voting decisions are taken consistently across all Newton's clients that are invested in the same underlying company. This is in line with Newton's investment process that focuses on the long-term success of the investee company. Further, it is Newton's intention to exercise voting rights in all circumstances where it retains voting authority.

All voting opportunities are communicated to Newton by way of an electronic voting platform.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues identified may be referred to the appropriate global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also decide to confer or engage with the company or other relevant stakeholders.

An electronic voting service is employed to submit voting decisions. Each voting decision is submitted via the electronic voting service by a member of the Responsible Investment team but can only be executed by way of an alternate member of the team approving the vote within the same system.

Members of certain BNY Mellon operations teams responsible for administrative elements surrounding the exercise of voting rights by ensuring the right to exercise clients' votes is available and that these votes are exercised.

Implementation Statement (continued)

4. Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the tables below

	Summary Info
Manager name	LGIM
Fund name	All World Equity Index Fund
Approximate value of Trustees' assets	c. £6.7m as at 31 March 2024
Number of equity holdings in the fund	4,273
Number of meetings eligible to vote	6,557
Number of resolutions eligible to vote	64,058
% of resolutions voted	99.87%
% of resolutions voted with management	79.27%
% of resolutions voted against management	20.20%
% of resolutions abstained	0.53%
% of meetings with at least one vote against managements	63.47%
% of resolutions voted contrary to the proxy adviser recommendation	11.39%

	Summary Info
Manager name	Schroders
Fund name	Life Diversified Growth Fund
Approximate value of trustees' assets	c.£6.9m as at 31 March 2024
Number of meetings eligible to vote	1,109
Votable Proposals	14,566
Proposals Voted	13,675 93.98%
FOR Votes	12,209 89.28%
AGAINST Votes	1,466 10.72%
ABSTAIN Votes	58 0.40%
Contrary to Proxy adviser	1000 7.31%
Meetings voted at least once AGAINST Management	578 54.63%

	Summary Info
Manager name	Insight
Fund name	Broad Opportunities Fund
Approximate value of trustees' assets	c. £6.9m as at 31 March 2024
Number of equity holdings in the fund	11
Number of meetings eligible to vote	12
Number of resolutions eligible to vote	164
% of resolutions voted	100.00%
% of resolutions voted with management	100.00%
% of resolutions voted against management	0.00%
% of resolutions abstained	0.00%
% of resolutions voted, for which at least one vote was against	0.00%

Implementation Statement (continued)

4. Summary of voting behaviour over the year (continued)

	Summary Info
Manager name	Newton Investment Management Limited
Fund name	BNY Mellon Real Return Fund
Approximate value of trustees' assets	c. £6.9m as at 31 March 2024
Number of equity holdings in the fund	65
Number of meetings eligible to vote	69
Number of resolutions eligible to vote	1,101
% of resolutions voted	99.27%
% of resolutions voted with management	92.04%
% of resolutions voted against management	7.78%
% of resolutions abstained	0.00%
% of meetings with at least one vote against managements	46.38%
% of resolutions voted contrary to the proxy adviser recommendation	4.94%

Implementation Statement (continued)

5. Most significant votes over the year

LGIM

Commentary on the most significant votes over the period is set below.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

Implementation Statement (continued)

5. Most significant votes over the year (continued)

Most Significant votes for the LGIM All World Equity Index Fund:

	Vote 3	Vote 5
Company name	Amazon.com, Inc.	Alphabet Inc.
Date of vote	2023-05-24	2023-06-02
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.523761	1.207541
Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
How you voted	For (Against Management Recommendation)	For (against management recommendation)
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
Outcome of the vote	29% (Fail)	30.7% (Fail)
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Implementation Statement (continued)

5. Most significant votes over the year (continued)

Schroders

Schroders believe that all resolutions when we vote against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Most Significant votes for Schroders Diversified Growth Fund

	Vote 1	Vote 2
Company name	JPMorgan Chase & Co.	Amazon.com, Inc.
Date of vote	45062.41667	45070.375
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.0016	0.004
Summary of the resolution	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Report on Efforts to Reduce Plastic Use
How you voted	For	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.
Rationale for the voting decision	The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. We welcome additional disclosures that help better understand how the company is implementing its climate strategy. We believe that how we have voted is in the best financial interest of our clients' investments.	A vote for this proposal is warranted as we believe that the Company should be making meaningful steps towards eliminating use of plastic within the Company and its operations. More disclosure would enable shareholders to have a more comprehensive understanding of progress. We believe how we have voted is in the best financial interests of our clients' investments.
Outcome of the vote	FAIL	FAIL
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors	We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	Environmental	Environmental

Implementation Statement (continued)

5. Most significant votes over the year (continued)

Insight

Insight "most significant" votes are defined as follows:

“Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight’s specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for, abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

As mentioned previously, the strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, we have voted in line with recommendations of our proxy voting provider on all occasions.”

Implementation Statement (continued)

5. Most significant votes over the year (continued)

Most Significant votes for Insight Broad Opportunity Fund

	Vote 1	Vote 2
Company name	Ecofin US Renewables Infrastructure Trust plc	Aquila European Renewables Income Fund plc
Date of vote	25/05/2023	05/06/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.2%	0.6%
Summary of the resolution	Resolution 4: To re-elect as a director, Patrick O'Donnell Bourke	Resolution 4: To approve the continuation of the Company as an investment trust
How you voted	For	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a	n/a
Rationale for the voting decision	All board members stand for annual re-election at each AGM. Any potential change to the board could have added further uncertainty during an already volatile period and may not have been in the best interest of the shareholders.	Over the course of 2023, the company introduced a number of initiatives including asset life extensions, in some instances which contributed to increase in NAV per share; accretive share buybacks; debt refinancing which would enable further investment and/or return additional capital to shareholders and additional listing on a European exchange which could improve the company's marketability and liquidity on the secondary market. We voted in favour of the resolution for a continuation of the company as this would allow time to evaluate the success of initiatives outlined above. Shareholders will have a further opportunity to vote on the continuation of the company in Q3 2024 which has been brought forward from 2027.
Outcome of the vote	Passed with over 87% of votes in favour	Passed
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The board is cognisant of the lack of ethnic diversity and is mindful of the AIC Code alongside the Hampton-Alexander and Parker Reviews. The 2022 Annual Report indicated that the board will endeavour to address this in future recruitment whilst ensuring appointments are made on merit and are subject to a formal, rigorous and transparent procedure. The board announced a review of the company's strategy in September 2023 focussing on the sale company's assets in order to maximise value for shareholders. At this stage, no further action is proposed pending the outcome of this strategic review. https://www.londonstockexchange.com/news-article/RNEW/strategic-review/16115810	We note that 25.9% voted against this proposal and that the company has continued to engage with shareholders to allay their concerns. We continue to evaluate the effectiveness of initiatives and reassess this proposal at the next opportunity in Q3 2024.
On which criteria (as explained in the cover email) have you assessed this vote to be "most significant"?	In assessing our voting decision, we noted that votes were cast against proposal 5 (re-election of Patrick O'Donnell Bourke) at the previous AGM. We understand that this was predominantly from one shareholder due to board composition. https://www.londonstockexchange.com/news-article/RNEW/result-of-agm/15507645 The 2022 Annual Report acknowledged that the board's composition did not meet one of the FCA's new targets, namely that one individual on the board should be from a minority ethnic background. While the company recognises the benefits of greater diversity on the board, we agreed with the company's assessment that in view of the portfolio size and potential increase to cost base, increasing the board's size would not be appropriate at the present time. We voted in favour of re-election resolution as we consider the board has the skillset and experience appropriate to fulfil their governance obligations.	"The company's articles of association require that the directors propose an ordinary resolution at the AGM to be held in 2023, and every fourth AGM thereafter, that the company continue its business as a closed-ended investment company for a further four-year period. In the event that the resolution does not pass, the directors are required to draw up proposals for the reconstruction, reorganisation or liquidation of the company for consideration by shareholders at a general meeting to be convened within a six-month period."

Implementation Statement (continued)

5. Most significant votes over the year (continued)

BNY Mellon

BNY Mellon "most significant" votes are defined as follows:

"We regard as material issues all votes against management, including where we support shareholder resolutions that the company's management are recommending voting against. As active managers, we invest in companies that we believe will support the long term performance objectives of our clients. By doing so, we are making a positive statement about the business, the management of risks and the quality of management.

Voting against management, therefore, is a strong statement that we think there are areas for improvement. As such, by not supporting management, we think that this is material, which is different to a passive investor where there is no automatic assumption of a positive intent in ownership. As such, we report publicly our rationale for each instance where we have voted against the recommendation of the underlying company's management.

At the fund level, we consider each instance of voting against management to be significant but if required to prioritise these instances, we take an objective approach that includes the fund's weighting in each security."

Implementation Statement (continued)

5. Most significant votes over the year (continued)

Most Significant votes for BNY Mellon Real Return Fund

	Vote 7	Vote 8
Company name	Unilever Plc	Shell Plc
Date of vote	03-May-23	23-May-23
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.15%	2.03%
Summary of the resolution	Approve Remuneration Report	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
How you voted	Against Management	Against Management
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	Yes
Rationale for the voting decision	We voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this.	We abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. While the argument is acknowledged, voting in favor of this resolution can be considered as overstepping on management's prerogatives in strategy setting. However, we have abstained in line with our views that the current transition plan merits more robust 2030 goals in order to gain credibility.
Outcome of the vote	58% AGAINST	80% AGAINST
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The vote outcome is a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. The company has reached out to shareholders and we have communicated our concerns and reasons for adverse vote recommendations. We will continue exercising future votes in support of our views surrounding significant salary increases and alignment between pay and performance.	The significant dissent on the proposal shows concern from the shareholder base around Shell's transition plan.
On which criteria have you assessed this vote to be "most significant"?	The failed vote outcome owing to significant shareholder dissent merits this vote as significant.	As a significant GHG emitter, it is critical for Shell to have a credible transition plan. Abstaining on this resolution would convey to the company, in addition to our engagement, the need to add credibility to its transition planning.