

Implementation Statement

Introduction

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated December 2022 have been implemented.

The SIP provides further background details on investment arrangements.

This Implementation Statement covers the period 1 January 2022 to 31 December 2022.

Scheme Governance

The Trustee is responsible for making investment decisions, and seeks advice from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP.

There investment objectives and strategy was reviewed in 2021 with changes made to the strategy in the period 1 January 2022 to 31 December 2022. The Trustee is due to formally review these objectives again by 2024/25, or earlier.

Trustee Knowledge and Understanding

The Trustee has the appropriate knowledge and understanding to ensure its policies on financially and non-financially material considerations, as well as engagement and voting activities, are and remain appropriate for the Scheme. The Trustee has developed their knowledge and understanding over the year, and further details are set out in the annual Chairman's statement.

Statement of Investment Principles ("SIP")

The Trustee's policies on stewardship and engagement are included in the Scheme's SIP, which is available on request. The SIP has been reviewed by the Trustee during the period.

The Trustee has a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the Trustee's SIP.

Policy for taking into account financially material ESG considerations

There have been no changes to the Trustee's policy, nor any departures from its policy, during the year.

The Trustee notes that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustee is satisfied that the funds currently invested in by the Scheme are managed in accordance with its views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustee has access to updates on governance and engagement activities by LGIM and input from its investment advisor on ESG matters. These views are also taken into account when appointing and reviewing Investment Managers.

The Trustee acknowledges that it is delegating the consideration of financially material factors in relation to determining the underlying holdings to LGIM given it is investing in pooled funds.

Policy for taking into account non-financial ESG considerations

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year.

Meetings with fund managers

The Trustee's investments were transferred from funds with Legal & General Investment Management ("LGIM") and AVIVA to lifestyling funds managed by LGIM.

There were no meetings with fund managers over the year.

Reviews of fund managers

The Trustee formally reviewed the provision of fund management services during the period and switched to specialised funds managed by LGIM.

Stewardship

LGIM have provided details of their ESG and Stewardship policies which can be found on their website (<https://www.lgim.com/uk/en/capabilities/investment-stewardship/>). This includes whether or not they are signatories to the UK Stewardship code and UN Principles for Responsible Investment (UN PRI). The UN PRI are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 'A+' to 'E'. LGIM achieved the highest score of A+.

Voting behaviour

LGIM have, where relevant, provided details of their voting policies.

The Trustee's policy is to delegate the exercise of voting rights to their managers and to disclose information on the voting decisions made by their managers. The Trustee will review the voting behaviour of the managers regularly to check that they are comfortable with the decisions taken by the managers and their approach generally.

How voting and engagement policies have been followed

There have been no changes to the Trustee's policy, nor any departures from their policy, during the year. In particular, all voting activities have been delegated to LGIM, as the Trustee does not have the administrative mechanism to cast votes on the underlying holdings, given the pooled nature of the Scheme's investments.

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 Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code. However, the Trustee cannot usually directly influence the managers' policies on the exercise of investment rights where the Trustee hold assets in pooled funds. This is due to the nature of these investments. The Trustee receives reporting on the voting and engagement policies of the fund managers and consider these as part of manager appointment and review processes.

The Trustee believe that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the investments from time to time.

The Trustee consider it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

The Trustee currently invests in pooled investment funds with LGIM, and they acknowledge that this limits their ability to directly influence the Investment Manager.

LGIM employ the services of a third party proxy voter when exercising voting rights and will often engage with investee companies directly. The third party proxy voter used is confirmed in the table below.

The Trustee has delegated engagement activities to LGIM, who will report to the Trustee on how they have voted on behalf of the Trustee for the underlying holdings. The Trustee has received information from the Investment managers on their voting behaviours, stewardship and engagement activities during the period of this Implementation Statement. Details of the investment managers voting and engagement policies and track record can be found on their website - Investment stewardship & governance | LGIM Institutional.

The Trustee was satisfied that the managers' policies were reasonable and no further remedial action was required during the period. Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the investment managers are in alignment with the Scheme's stewardship policies.

Data limitations

Where information is not included in this statement, it has been requested but has not been provided in a useable format or at all by the investment manager. The Trustee is in discussion with the managers around how this data will be provided for future statements.

Statement of compliance with Regulations

Over the period, the Trustee is pleased to report that they have in their opinion adhered to the policies set out in their SIP and have complied with the Regulations.